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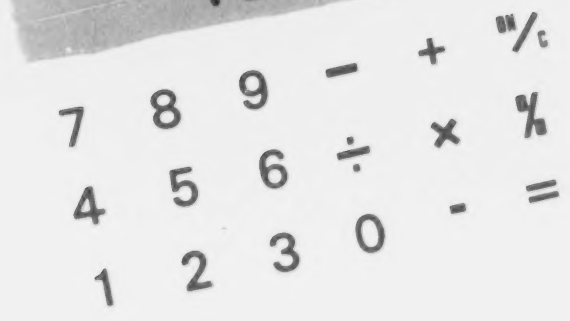

COST OF DOING BUSINESS SURVEY

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A REVIEW OF 1988

The profitability of rental equipment firms was high again in 1988. Pre-tax return on investment was 19.3 percent of net worth, and average return on revenues was 5.8 percent.

The average total revenue for all 476 respondents was $1,708,000 in 1988, compared to $1,396,000 in 1987. The distribution of respondents by revenue groups for the last three years was:

	Number of Respondents		
Revenue Groups	1988	1987	1986
Up to $200,000	37	48	49
$200,001 to $500,000	149	134	153
$500,001 to $1 million	119	123	108
$1 million to $2.5 million	99	82	96
$2.5 million to $5 million	35	32	29
Over $5 million	37	27	24
Total Respondents	476	446	459

Figures 1 and 2 show sources of revenues and major expenses for all respondents. Figures 3 and 4 present the ratio of operating profit to gross operating profit for 1986-1988 by size and for 1985-1988 by source of revenue and type of equipment rented.

Profitability Related to Size of Firm

Average net income before taxes increased in 1988 for firms in the two smallest size categories. Total profits of the 476 firms exceeded $47 million. The following table compares average earnings for the last three years:

Size of Firm	$ Average Pretax Earnings		
(Revenues)	1988	1987	1986
0 to $200,000	$ 8,001	$ 3,908	$ 2,760
$200,001-$500,000	25,397	20,427	21,190
$500,001-$1 million	39,296	43,933	42,840
$1 million-$2.5 million	77,547	85,084	99,710
$2.5 million-$5 million	179,424	180,573	209,470
Over $5 million	660,192	680,984	620,090

Return on investment (ROI) was highest for the smaller firms — 23.3 percent for those under $200,000 in revenues and 22.4 percent for those in the $200,001-$500,000 category. Return on total assets was highest for firms in the $200,001-$500,000 range (9.2 percent).

Profitability Related to Source of Revenues

Return on investment was higher for firms having less than 70 percent of revenues from rentals, at 21.8 percent, compared to 17.7 percent for those deriving more than 70 percent from rentals.

Profitability by Type of Equipment Rented

Firms in all three categories — construction and industrial, general rental and party - reported excellent average return on investment, all in the 19.8-to-24.0 percent range. Return on revenues was slightly higher (6.6 percent) for construction and industrial firms. Profits on rental investment were highest for party firms (22.1 percent).

Profitability Related to Regions

Firms in Region Four (Southwest) and Region 10 (Canada) earned the highest average return on investment in 1988 (43.7 and 41.9 percent respectively).

Continuing weak economic conditions in Region Seven (Rocky Mountain) led to only a 0.8 percent ROI.

Expenses

Labor costs (salaries, wages and benefits) remained constant at 37.7 percent of gross operating profit.

Interest expense (2.93 percent of total operating income) increased slightly in 1988. Association and travel expense (0.58 percent) was slightly higher than in 1987 (.53 percent) but below the previous four years. Legal and accounting remained at 0.94 percent.

Party firms spent a substantially higher proportion of their expenses on salaries and wages (35.0 percent) than did firms in construction and industrial (22.3 percent) and firms in general rental (29.6 percent).

Financial Condition

The net worth of all respondents decreased from 44.1 percent of total assets in 1987 to 41.1 percent in 1988. The current ratio was 1.35-to-1 in 1988, about the same as the 1.39-to-1 reported in 1987. The acid

test ratio (.79-to-1) in 1988 was down compared with 1987 (.84-to-1).

Average collection days for accounts receivable rose to 42 days in 1988, an increase of two days over the previous year.

The leverage ratio of total liabilities to net worth increased from 1.27-to-1 in 1987 to 1.43-to-1 in 1988.

As a percentage of total assets, inventories increased in 1988 to 12.8 percent vs. 10.7 percent a year earlier.

Definitions of all ratios are shown in the table of financial data for all respondents on page 4.

Other Financial Indicators

Rental revenues to net rental investment (after accumulated depreciation) declined slightly from 1.99 times in 1987 to 1.86 times in 1988, and rental revenues to equipment costs dropped slightly to .86 times.

Number of Rental Centers

The 476 rental firms responding to the 1988 *Cost of Doing Business Survey* represented 801 rental centers, or an average of 1.7 outlets per firm.

As expected, the average number of rental centers varied with the size of firm, with those firms in the $5 million-plus category averaging just over five centers each:

Size of Firm (Revenues)	No. of Firms	No. of Centers	No. of Centers per Firm
0 to $200,000	37	37	1.0
$200,001 to $500,000	149	172	1.2
$500,001 to $1 mill.	119	151	1.3
$1 mill. to $2.5 mill.	99	184	1.9
$2.5 mill. to $5 mill.	35	67	1.9
$5 mill. and over	37	190	5.1

The average rental center generated $1,015,000 in total operating income. Profits averaged $59,000 per center.

Rental centers operated by firms in the construction and industrial equipment category averaged $1,267,000 in revenues. General rental outlets averaged $432,000 and party rental centers averaged $729,700.

Analysis Based on Number of Employees

The 476 responding firms reported 8,641 full-time equivalent employees. This represented an average of 18 employees per firm. The average number of employees per rental center was just under 11.

Total revenues per employee averaged $94,000. Profits per employee were $5,500.

Average wages, salaries and fringe benefits per employee were $26,000 in 1988.

Revenues per employee varied significantly by type of rental firm. Firms in the construction and industrial equipment category averaged $104,000 in operating income per employee. General rental firms averaged just over $66,000 per employee. Party rental firms averaged $62,000 per employee.

Average revenues per employee in firms generating over 70 percent of their revenues from rental activities were $79,500. For those depending more on sales, the average amount of revenues per employee was $117,500.

Other Information

Explanations of some of the major classifications of income, expense and balance-sheet items are shown on page 36.

The California Rental Association assisted in the survey again this year through a special mailing to its members.

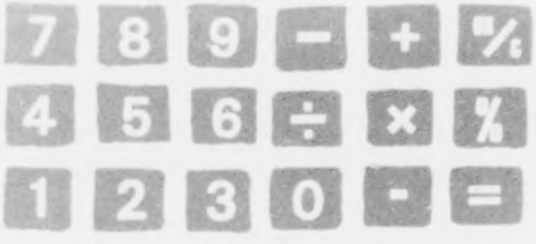


FIGURE 1. SOURCES OF REVENUE, 476 RESPONDENTS, 1988

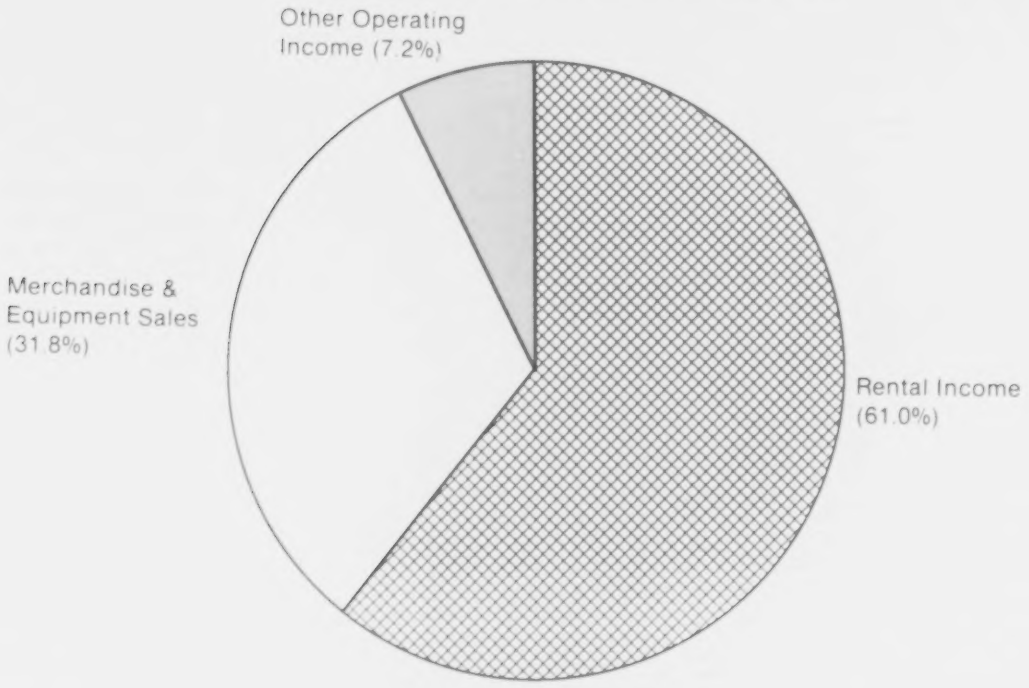


FIGURE 2. MAJOR EXPENSE CATEGORIES, 476 RESPONDENTS, 1988

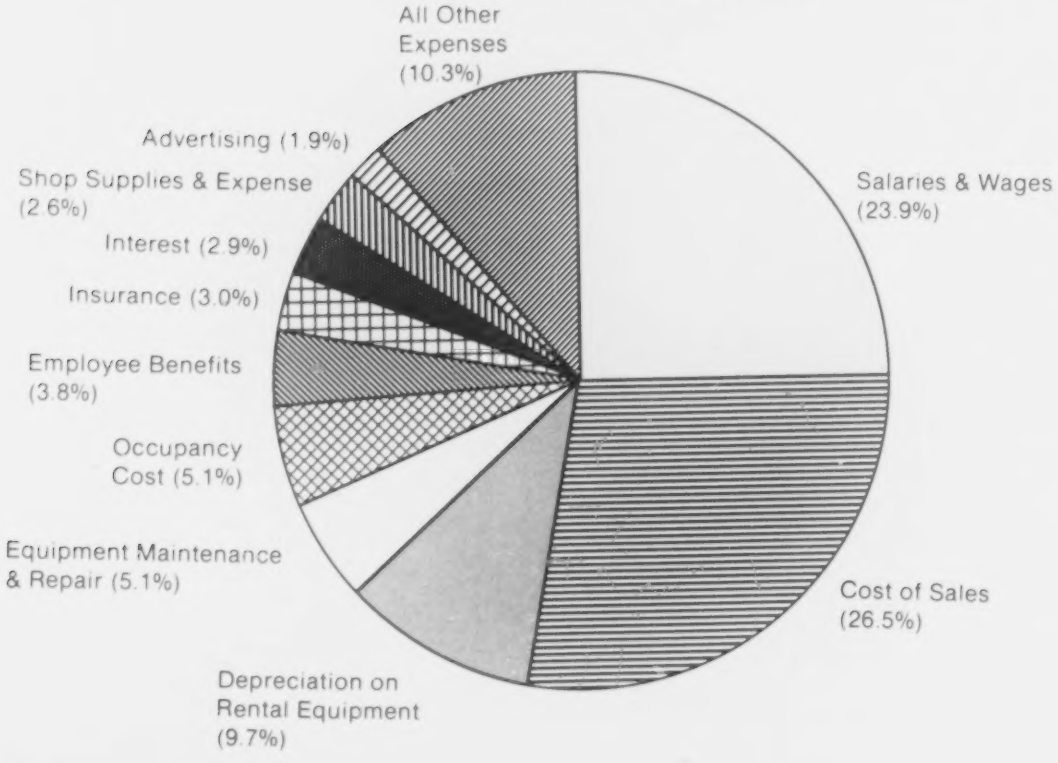


FIGURE 3. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY REVENUE CATEGORY, 1986-1988

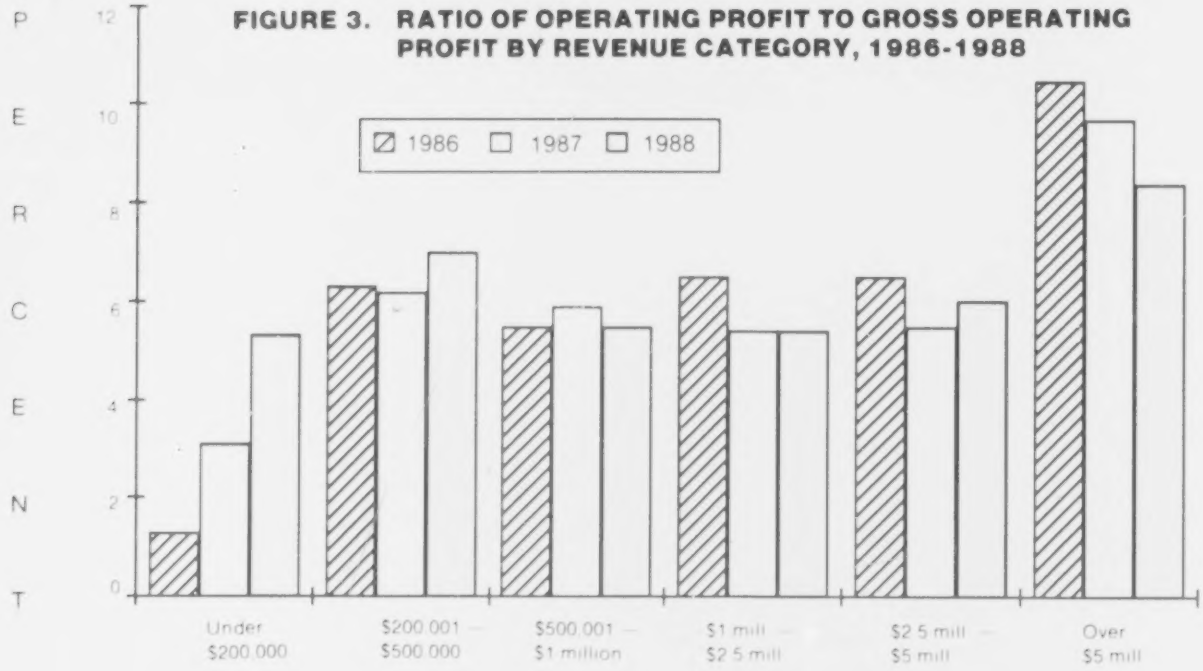
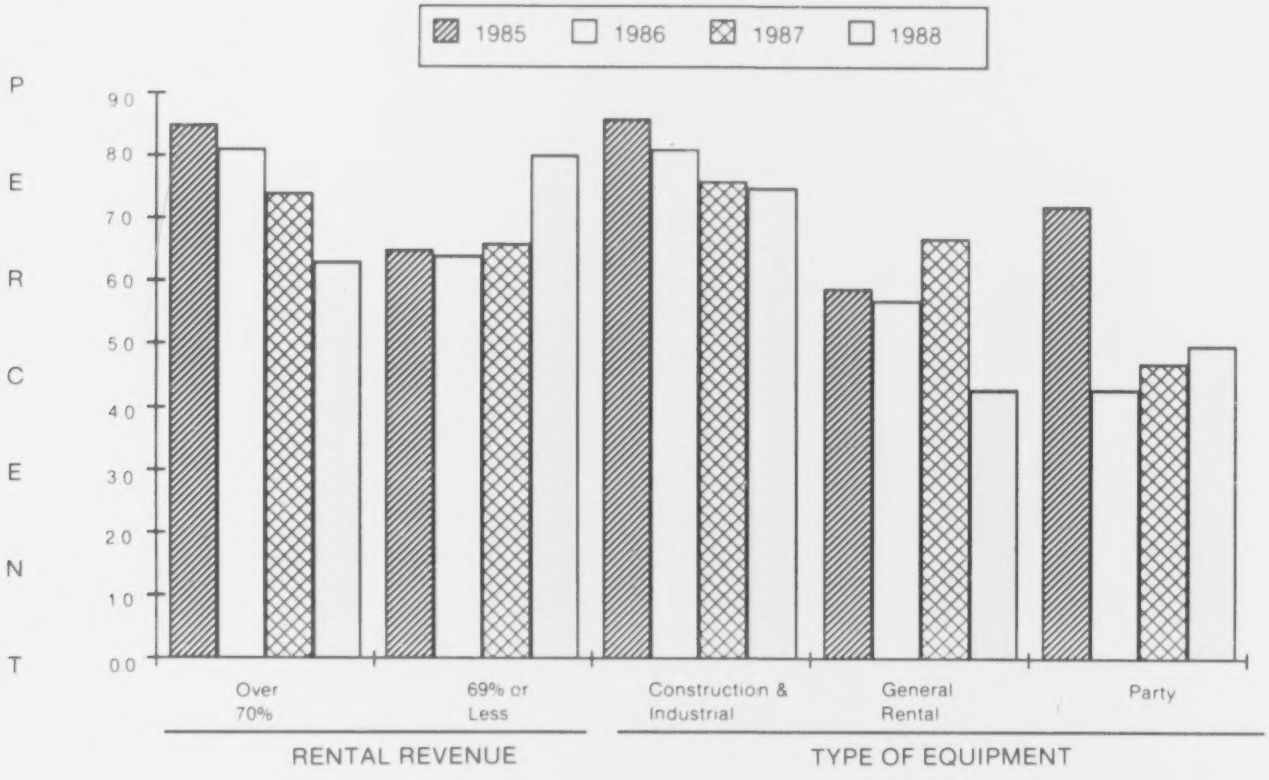


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUE AND TYPE OF EQUIPMENT RENTED, 1985-1988



SECTION I. FINANCIAL DATA FOR ALL RESPONDENTS

The 476 responding firms had average revenues of $1,708,107 up 22.4 percent from the $1,395,527 reported in 1987.

Key financial ratios for 1988 and three prior years are shown below.

FINANCIAL RATIOS	1988	1987	1986	1985
CURRENT RATIO (current assets ÷ current liabilities)	1.36	1.39	1.34	1.35
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.79	.84	.76	.79
TOTAL DEBT TO NET WORTH (total liabilities ÷ net worth)	1.43	1.27	1.24	1.16
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	19.3%	19.5	20.0%	20.2%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	7.9%	8.6%	8.9%	9.3%
RETURN ON REVENUES (net income before taxes ÷ revenues)	5.8%	6.3%	6.4%	6.5%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	42 days	40 days	39 days	37 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	17.7%	19.6%	19.7%	19.8%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	3.05 times	3.09 times	3.06 times	3.03 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	1.86 times	1.99 times	1.92 times	1.90 times
RENTAL REVENUES TO EQUIPMENT COST (rental income ÷ cost of rental equipment)	.86 times	.89 times	.88 times	.83 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	32.6%	32.9%	33.1%	32.6%
Employee Benefits	5.1	4.9	5.2	4.7
TOTAL	37.7	37.8	38.3	37.3
Depreciation (All)	15.3	15.7	15.0	15.3
Occupancy Cost	7.0	6.5	6.7	6.3
Equipment Maintenance & Repair	6.9	7.2	7.0	8.1
Interest	4.0	3.5	3.8	3.8
Advertising & Promotion	2.5	2.6	2.6	2.4
Insurance	4.1	4.7	4.5	3.2
Shop Supplies & Expense	3.6	3.1	3.0	3.8
OPERATING PROFIT	6.9	7.1	7.5	7.8

Table I-1 reports income and expense percentages on an aggregated basis for all firms responding in 1985 through 1988, Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets percentages for the five years.

TABLE I-1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income & Expense Categories	1988 Percent of Total Income	1987 Percent of Total Income	1986 Percent of Total Income	1985 Percent of Total Income	1984 Percent of Total Income	Insert Your Own Percents Here
Rental Income	60.99	64.52	62.75	62.76	65.83	
Merchandise & Equipment Sales	31.81	28.72	31.97	30.76	28.42	
Other Operating Income	7.20	6.76	5.29	6.48	5.75	
Total Operating Income	100.00	100.00	100.00	100.00	100.00	
Less Cost of Sales	26.54	23.26	24.69	23.54	21.44	
Gross Operating Profit	73.46	76.74	75.31	76.46	78.56	
OPERATING EXPENSES:						
Salaries & Wages	23.92	25.28	24.96	24.91	25.63	
Employee Benefits & Taxes	3.78	3.80	3.90	3.60	3.55	
Equipment Maintenance & Repair	5.09	5.51	5.29	6.18	6.55	
Shop Supplies & Expense	2.63	2.41	2.28	2.94	2.28	
Occupancy Cost	5.14	4.97	5.03	4.78	5.34	
Bad Debts Expense	0.88	0.92	0.90	0.89	1.05	
Office Supplies & Expenses	1.03	1.03	0.97	1.10	1.07	
Associations & Travel Expense	0.58	0.53	0.63	0.68	0.70	
Legal & Accounting	0.94	0.94	0.87	0.73	0.80	
Telephone & Other Communications	0.80	0.80	0.82	0.85	0.83	
Automobile & Truck Expense	1.70	1.67	1.60	1.60	1.68	
Insurance	3.00	3.59	3.37	2.47	2.09	
Advertising & Promotion	1.86	1.97	1.94	1.86	2.02	
Other Taxes	0.89	1.01	1.07	0.99	0.96	
Interest	2.93	2.68	2.83	2.90	3.03	
Franchise Fees	0.18	0.19	0.09	0.06	0.27	
Depreciation, Non-Rental Equipment	1.55	1.75	1.62	1.64	1.55	
Other Operating Expenses	1.74	1.93	1.87	2.25	1.65	
TOTAL OPERATING EXPENSES	58.67	60.97	60.03	60.41	61.05	
Operating Profit Before Rental Depr.	14.79	15.77	15.27	16.05	17.51	
Depreciation on Rental Equipment	9.68	10.29	9.65	10.09	9.70	
OPERATING PROFIT	5.11	5.48	5.62	5.95	7.82	
Other Income & Expense (Net)	0.69	0.86	0.81	0.58	0.31	
NET INCOME BEFORE INCOME TAXES	5.80	6.34	6.43	6.54	8.13	
NUMBER OF RESPONDENTS	476	446	459	513	376	

NOTE: Due to rounding, percentages may not add to the one-hundredth of a percent.

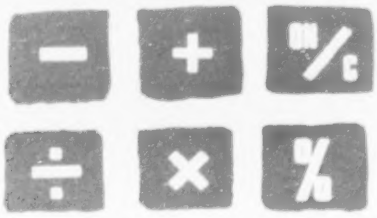


TABLE I-2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1988	1987	1986	1985	1984	Insert Your Own Percents Here
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00	100.00	_____
EXPENSES:						
Salaries & Wages	32.56	32.94	33.15	32.58	32.63	_____
Employee Benefits & Taxes	5.14	4.95	5.18	4.71	4.52	_____
Equipment Maintenance & Repair	6.93	7.18	7.02	8.09	8.33	_____
Shop Supplies & Expense	3.59	3.14	3.02	3.84	2.90	_____
Occupancy Cost	7.00	6.47	6.68	6.25	6.80	_____
Bad Debt Expense	1.20	1.20	1.19	1.16	1.33	_____
Office Supplies & Expense	1.40	1.34	1.28	1.44	1.37	_____
Association & Travel Expense	.79	.69	83	.89	.89	_____
Legal & Accounting	1.28	1.22	1.16	.95	1.02	_____
Telephone & Other Communications	1.09	1.05	1.09	1.11	1.06	_____
Automobile & Truck Expense	2.32	2.18	2.13	2.09	2.14	_____
Insurance	4.09	4.68	4.48	3.23	2.66	_____
Advertising & Promotion	2.54	2.56	2.57	2.44	2.57	_____
Other Taxes	1.22	1.31	1.42	1.29	1.22	_____
Interest	3.99	3.49	3.76	3.79	3.86	_____
Franchise Fees	.25	.25	.12	.07	.34	_____
Depreciation, Non-Rental Equipment	2.11	2.28	2.15	2.14	1.97	_____
Other Operating Expenses	2.37	2.52	2.49	2.94	2.10	_____
Depreciation on Rental Equipment	13.18	13.41	12.82	13.20	12.34	_____
OPERATING PROFIT	6.95	7.14	7.46	7.79	9.95	_____

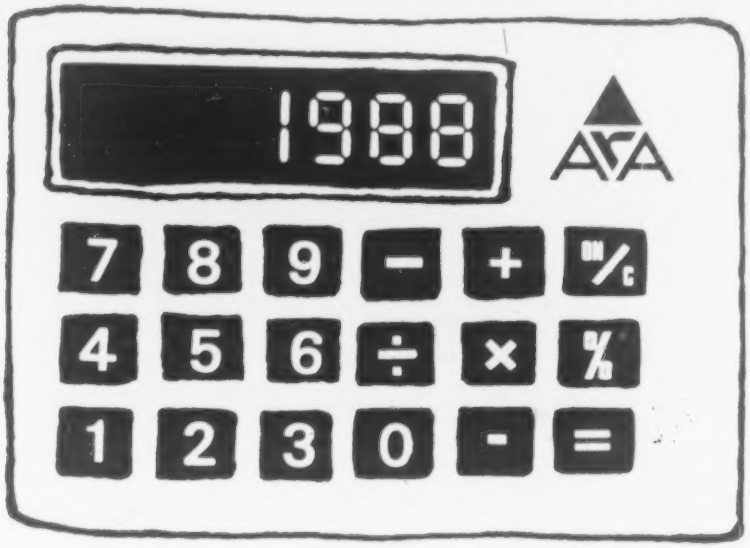


TABLE I-3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1988 Percents	1987 Percents	1986 Percents	1985 Percents	1984 Percents	Insert Your Own Percents Here
CURRENT ASSETS:						
Cash	6.16	6.16	6.23	5.68	7.68	
Accounts Receivable (Net)	15.69	14.95	14.75	14.41	14.27	
Merchandise Inventories	12.84	10.68	13.46	10.92	9.94	
Marketable Securities	1.31	1.57	1.23	0.90	0.69	
Prepaid Expenses	1.47	1.41	1.34	1.61	1.20	
Supplies Inventory	1.07	1.39	0.43	0.44	0.35	
Other Current Assets	1.42	1.26	1.72	2.20	2.10	
Total Current Assets	39.97	37.44	39.16	36.16	36.23	
Rental Equipment—Net Book Value	44.85	43.96	45.48	47.12	46.11	
Other Fixed Assets—Net Book Value	11.18	14.55	12.38	13.81	14.52	
Total Fixed Assets	56.03	58.51	57.86	60.93	60.64	
Other Assets	4.00	4.06	2.98	2.91	3.13	
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	
CURRENT LIABILITIES:						
Accounts Payable	9.08	6.67	7.51	6.87	7.49	
Current Notes Payable	12.72	13.62	14.52	13.66	11.54	
Contracts Payable	1.54	1.99	2.26	1.09	1.05	
Customers' Rental Deposits	0.17	0.23	0.23	0.22	0.18	
Accrued Expenses	2.07	2.22	2.06	1.95	2.43	
Taxes Payable	1.37	1.69	1.48	1.55	1.49	
Other Current Liabilities	2.41	0.59	1.16	1.38	1.16	
Total Current Liabilities	29.37	27.01	29.22	26.73	25.34	
Long-Term Debt	27.56	26.47	23.23	24.78	24.65	
Other Liabilities	1.99	2.38	2.83	2.26	2.85	
Total Liabilities	58.92	55.86	55.28	53.78	52.84	
Net Worth	41.08	44.14	44.72	46.22	47.16	
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	
NUMBER OF RESPONDENTS	476	446	459	513	376	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present average income and expense, average balance sheet and financial ratios for 1986-1988 for rental firms in six size categories. Figure II-1 below contains return on investment for firms in each size category for 1984 through 1988.

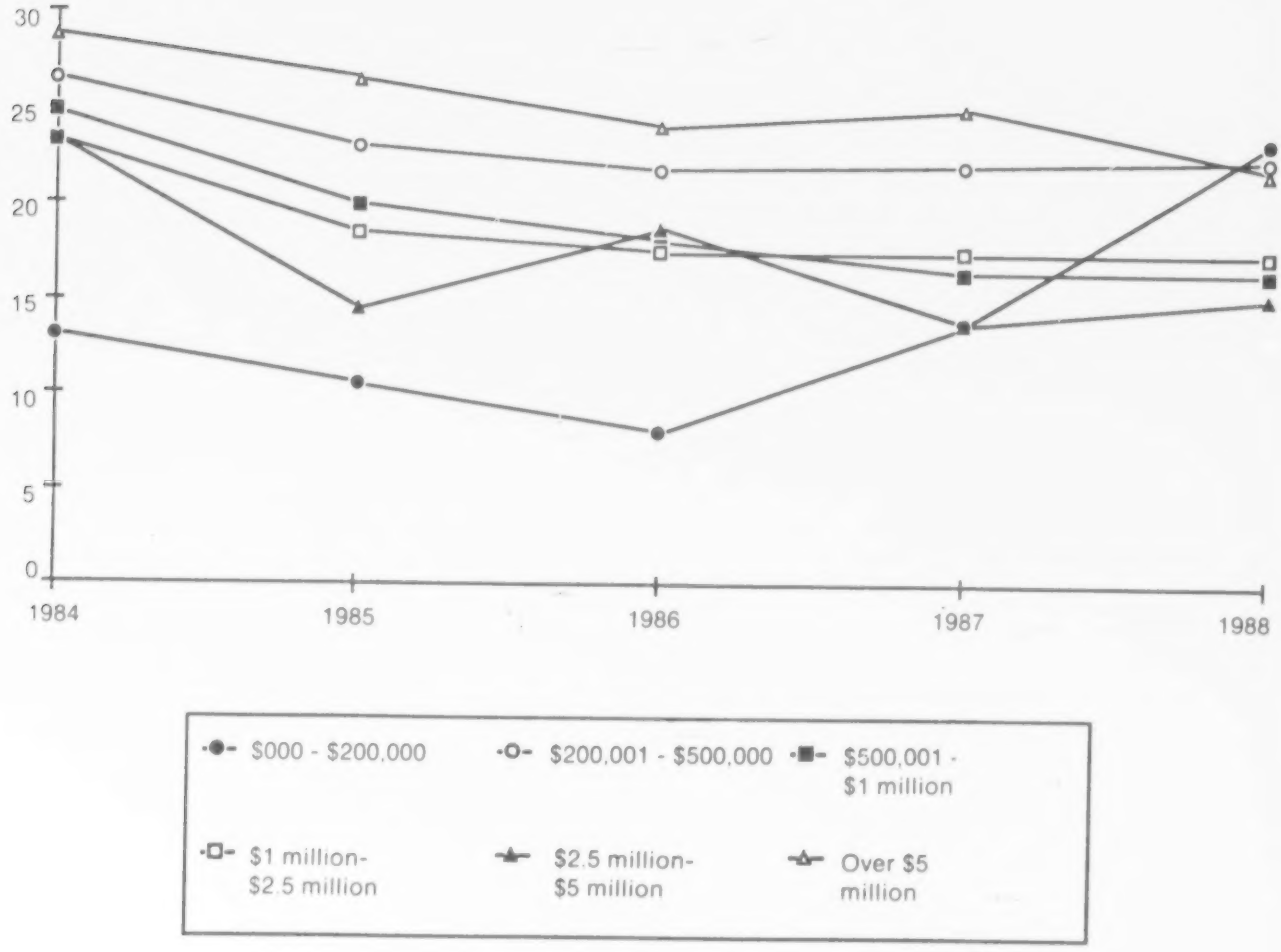


TABLE II-1. AVERAGE INCOME AND EXPENSE BY ANNUAL REVENUE, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	118,768	82.14	260,071	75.71	506,749	72.52	1,009,874	66.06	2,106,406	61.98	5,910,676	54.25
Merchandise & Equipment Sales	19,618	13.57	61,474	17.90	154,842	22.16	423,166	27.69	1,081,725	31.83	4,069,964	37.36
Other Operating Income	6,215	4.30	21,970	6.40	37,138	5.32	95,623	6.26	210,298	6.19	913,780	8.39
Total Operating Income	144,601	100.00	343,515	100.00	698,729	100.00	1,528,663	100.00	3,398,429	100.00	10,894,420	100.00
Less Cost of Sales	13,150	9.09	43,370	12.63	112,379	16.08	338,623	22.15	783,291	23.05	3,635,945	33.37
Gross Operating Profit	131,451	90.91	300,145	87.37	586,350	83.92	1,190,040	77.85	2,615,138	76.95	7,258,475	66.63
OPERATING EXPENSES												
Salaries & Wages	36,136	24.99	92,328	26.88	209,762	30.02	410,662	26.86	957,774	28.18	2,168,075	19.90
Employee Benefits & Taxes	4,355	3.01	12,483	3.63	31,385	4.49	64,019	4.19	146,718	4.32	364,738	3.35
Equipment Maintenance & Repair	7,354	5.09	20,381	5.93	34,780	4.98	72,527	4.74	169,907	5.00	562,414	5.16
Shop Supplies & Expense	8,917	6.17	14,126	4.11	26,221	3.75	50,798	3.32	101,398	2.98	197,032	1.81
Occupancy Cost	12,061	8.34	25,602	7.45	45,481	6.51	83,119	5.44	164,843	4.85	489,525	4.49
Bad Debts Expense	598	0.41	1,792	0.52	5,251	0.75	13,556	0.89	27,870	0.82	106,471	0.98
Office Supplies & Expense	2,145	1.48	4,438	1.29	8,940	1.28	18,707	1.22	43,516	1.28	86,747	0.80
Associations & Travel Expense	1,657	1.15	2,380	0.69	4,681	0.67	8,649	0.57	17,003	0.50	62,775	0.58
Legal & Accounting	1,506	1.04	4,247	1.24	8,916	1.28	16,510	1.08	23,275	0.68	93,319	0.86
Telephone & Other Communications	1,709	1.18	3,186	0.93	6,021	0.86	11,370	0.74	20,910	0.62	91,230	0.84
Automobile & Truck Expense	3,075	2.13	5,736	1.67	10,917	1.56	21,186	1.39	47,584	1.40	211,440	1.94
Insurance	6,848	4.74	15,274	4.45	28,593	4.09	54,118	3.54	134,964	3.97	227,497	2.09
Advertising & Promotion	5,517	3.82	10,445	3.04	19,307	2.76	35,763	2.34	59,255	1.74	147,939	1.36
Other Taxes	1,076	0.74	4,517	1.31	7,676	1.10	14,083	0.92	36,917	1.09	79,765	0.73
Interest	6,350	4.39	10,837	3.15	20,079	2.87	44,611	2.92	72,744	2.14	342,041	3.14
Franchise Fees	256	0.18	682	0.20	376	0.05	542	0.04	9,880	0.29	25,373	0.23
Depreciation, Non-Rental Equipment	2,792	1.93	7,018	2.04	14,106	2.02	29,263	1.91	53,897	1.59	135,095	1.24
Other Operating Expenses	2,388	1.65	5,696	1.66	7,532	1.08	28,823	1.89	43,040	1.27	215,422	1.98
TOTAL OPERATING EXPENSES	104,741	72.43	241,169	70.21	490,024	70.13	978,307	64.00	2,131,495	62.72	5,606,896	51.47
Operating Profit Before Rental Depr	26,710	18.47	58,976	17.17	96,326	13.79	211,733	13.85	483,643	14.23	1,651,578	15.16
Depreciation on Rental Equipment	19,741	13.65	38,022	11.07	64,312	9.20	147,046	9.62	327,041	9.62	1,045,231	9.59
OPERATING PROFIT	6,969	4.82	20,954	6.10	32,014	4.58	64,687	4.23	156,601	4.61	606,348	5.57
Other Income & Expense (Net)	1,031	0.71	4,443	1.29	7,282	1.04	12,859	0.84	22,823	0.67	53,844	0.49
NET INCOME BEFORE INCOME TAXES	8,001	5.53	25,397	7.39	39,296	5.62	77,547	5.07	179,424	5.28	660,192	6.06
NUMBER OF RESPONDENTS	37		149		119		99		35		37	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE II-2. AVERAGE BALANCE SHEETS BY ANNUAL REVENUE, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS												
Cash	9,608	6.47	26,858	10.91	50,010	10.39	81,219	7.61	174,725	7.78	327,739	3.91
Accounts Receivable (Net)	15,235	10.25	22,186	9.01	52,325	10.87	151,972	14.24	399,206	17.77	1,460,133	17.43
Merchandise Inventories	12,050	8.11	20,493	8.32	48,665	10.11	123,577	11.58	282,854	12.59	1,210,349	14.45
Marketable Securities	1,853	1.25	10,381	4.22	8,434	1.75	20,894	1.96	35,873	1.60	50,284	0.60
Prepaid Expenses	1,890	1.27	3,701	1.50	6,696	1.39	16,667	1.56	46,751	2.08	108,887	1.30
Supplies Inventory	254	0.17	844	0.34	3,434	0.71	6,194	0.58	18,803	0.84	122,960	1.47
Other Current Assets	6,591	4.44	822	0.33	6,754	1.40	14,442	1.35	13,676	0.61	144,155	1.72
Total Current Assets	47,482	31.96	85,285	34.64	176,318	36.62	414,965	38.88	971,888	43.27	3,424,508	40.89
Rental Equipment—Net Book Value	76,248	51.32	114,040	46.32	209,301	43.47	485,739	45.51	943,445	42.01	3,795,530	45.32
Other Fixed Assets—Net Book Value	20,533	13.82	40,589	16.48	77,337	16.06	146,313	13.71	230,639	10.27	751,263	8.97
Total Fixed Assets	96,781	65.14	154,629	62.80	286,638	59.54	632,052	59.22	1,174,084	52.28	4,546,793	54.29
Other Assets	4,322	2.91	6,308	2.56	18,485	3.84	20,318	1.90	99,947	4.45	404,126	4.83
TOTAL ASSETS	148,585	100.00	246,223	100.00	481,441	100.00	1,067,335	100.00	2,245,919	100.00	8,375,428	100.00
CURRENT LIABILITIES												
Accounts Payable	6,013	4.05	10,446	4.24	21,361	4.44	78,975	7.40	179,193	7.98	958,934	11.45
Current Notes Payable	15,002	10.10	26,122	10.61	45,761	9.51	128,137	12.01	211,450	9.41	1,231,068	14.70
Contracts Payable	1,247	0.84	5,747	2.33	6,727	1.40	30,005	2.81	32,655	1.45	90,517	1.08
Customers' Rental Deposits	303	0.20	1,099	0.45	735	0.15	2,214	0.21	4,572	0.20	10,293	0.12
Accrued Expenses	512	0.34	1,926	0.78	7,788	1.62	18,134	1.70	50,874	2.27	202,745	2.42
Taxes Payable	1,982	1.33	2,862	1.16	6,187	1.29	14,795	1.39	29,752	1.32	118,709	1.42
Other Current Liabilities	1,393	0.94	1,006	0.41	3,272	0.68	15,389	1.44	15,287	0.68	315,095	3.76
Total Current Liabilities	26,452	17.80	49,209	19.99	91,833	19.07	287,650	26.95	523,782	23.32	2,927,361	34.95
Long-Term Debt	75,423	50.76	81,993	33.30	141,372	29.36	316,095	29.62	525,269	23.39	2,219,181	26.50
Other Liabilities	12,318	8.29	1,670	0.68	8,667	1.80	18,559	1.74	22,166	0.99	200,960	2.40
Total Liabilities	114,193	76.85	132,871	53.96	241,872	50.24	622,305	58.30	1,071,217	47.70	5,347,502	63.85
Net Worth	34,393	23.15	113,351	46.04	239,570	49.76	445,030	41.70	1,174,703	52.30	3,027,926	36.15
TOTAL LIABILITIES & NET WORTH	148,585	100.00	246,223	100.00	481,441	100.00	1,067,335	100.00	2,245,919	100.00	8,375,428	100.00
NUMBER OF RESPONDENTS	37		149		119		99		35		37	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE II-3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1986-1988

Financial Ratio	$000—$200,000			$200,001—$500,000			$500,001—$1 Mill.			$1 Mill.—$2.5 Mill.			$2.5 Mill.—$5 Mill.			Over $5 Million		
	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986
Current Ratio	1.80	1.05	1.11	1.73	1.41	1.35	1.92	1.72	1.80	1.44	1.67	1.50	1.86	1.72	1.22	1.17	1.16	1.24
Acid Test Ratio	1.01	46	76	1.21	89	89	1.21	1.16	1.12	.88	1.08	1.03	1.16	1.01	.68	.63	.67	.59
Debt to Net Worth Ratio	3.32	3.31	2.44	1.17	1.60	1.40	1.01	88	1.03	1.40	1.00	91	.91	.87	1.38	1.77	1.71	1.46
Return on Investment (Expressed in percentages)	23.3	13.5	7.6	22.4	21.4	21.3	16.4	16.5	17.8	17.4	17.7	17.6	15.3	13.6	18.5	21.8	25.0	23.9
Return on Total Assets	5.4	3.1	2.2	10.3	8.2	8.8	8.2	8.8	8.8	7.3	8.9	9.2	8.0	7.3	7.8	7.9	9.2	9.7
Return on Revenues (percentages)	5.5	3.0	2.0	7.4	6.0	6.4	5.6	6.3	6.1	5.1	5.7	6.3	5.3	5.4	6.1	6.1	7.2	6.9
Average Collection Period (Days)	38	21	22	24	26	21	27	29	27	36	31	36	43	44	39	49	50	49
Profits on Rental Investment (Expressed in percentages)	10.5	5.4	4.2	22.3	18.9	19.7	18.8	19.9	19.1	16.0	20.0	18.3	19.0	16.1	14.8	17.4	21.5	25.4
Total Revenues to Rental Investment	1.9	1.8	2.1	3.0	3.1	3.1	3.3	3.1	3.1	3.1	3.5	2.9	3.6	3.0	2.4	2.9	3.0	3.7
Rental Revenues to Rental Investment	1.6	1.5	1.7	2.3	2.4	2.4	2.4	2.4	2.3	2.1	2.5	2.0	2.2	1.8	1.6	1.6	1.7	1.8
Rental Revenues to Equipment Cost	.7	.8	.9	.8	.9	.9	.9	.9	.9	.9	.9	.9	.9	.8	.8	.8	.9	.9
PERCENTS OF GROSS OPERATING PROFIT																		
Salaries & Wages	27.5	27.5	27.8	30.8	32.7	31.8	35.8	35.0	35.0	34.5	36.0	34.4	36.6	34.7	31.9	29.9	29.8	32.5
Employee Benefits	3.3	3.3	3.2	4.1	4.4	4.5	5.3	5.1	4.7	5.4	5.7	5.9	5.6	5.4	6.1	5.0	4.4	4.5
Total	30.8	30.8	31.0	34.9	37.1	36.3	41.1	40.1	39.7	39.9	41.7	40.3	42.2	40.1	38.0	34.9	34.2	37.0
Depreciation (All)	17.1	19.1	15.4	15.0	14.1	14.0	13.4	14.6	15.4	14.8	14.2	15.1	14.6	15.7	16.1	16.3	17.2	14.2
Occupancy Cost	9.2	11.8	11.4	8.5	8.3	8.3	7.8	7.5	7.6	6.9	6.9	6.6	6.3	5.4	5.7	6.7	5.7	6.1
Equipment Maintenance & Repair	5.6	5.7	6.1	6.8	6.4	6.9	5.9	5.6	6.7	6.1	6.4	7.2	6.5	6.9	8.0	7.7	8.2	6.5
Interest	4.8	5.0	5.7	3.6	3.9	4.2	3.4	3.1	3.7	3.7	3.0	2.8	2.8	2.9	4.0	4.7	4.0	4.3
Advertising & Promotion	4.2	4.3	5.6	3.5	3.4	3.5	3.3	3.1	3.3	3.0	2.9	2.5	2.3	2.2	2.2	2.0	2.1	2.0
Insurance	5.2	5.4	5.8	5.1	5.0	5.2	4.9	5.4	5.1	4.5	5.1	5.0	5.2	6.1	4.2	3.1	3.4	3.5
Shop Supplies & Expense	6.8	4.2	3.6	4.7	5.2	4.0	4.5	3.9	3.4	4.3	3.4	3.3	3.9	2.4	3.0	2.7	2.6	2.3
OPERATING PROFIT	5.3	3.1	1.3	7.0	6.2	6.3	5.5	5.9	5.5	5.4	5.4	6.5	6.0	5.5	6.5	8.4	9.7	10.5

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

	Over 70 Percent Revenue From Rentals				69 Percent Or Less Revenue From Rentals			
Financial Ratio	1988	1987	1986	1985	1988	1987	1986	1985
Current Ratio	1.30	1.41	1.46	1.31	1.41	1.37	1.26	1.39
Acid Test Ratio	.93	1.04	1.07	.93	.67	.68	.56	.64
Debt to Net Worth Ratio	1.23	1.05	.87	.89	1.75	1.61	1.98	1.77
Return on Investment	17.7%	20.1%	20.3%	20.2%	21.8%	18.6%	19.3%	20.2%
Return on Total Assets	8.0%	9.8%	10.9%	10.7%	7.9%	7.1%	6.5%	7.3%
Return on Revenues	6.2%	7.6%	8.4%	8.4%	5.4%	4.9%	4.3%	4.3%
Average Collection Period (Days)	38	37	36	36	46	43	42	37
Profits on Rental Investment	15.4%	20.1%	20.3%	19.7%	21.8%	18.8%	18.4%	20.0%
Total Revenues to Rental Investment (Times)	2.5	2.6	2.4	2.3	4.1	3.8	4.3	4.6
Rental Revenues to Rental Investment (Times)	2.0	2.2	2.0	2.0	1.6	1.7	1.7	1.8
Rental Revenues to Equipment Cost (Times)	.90	.94	.91	.86	.78	.80	.83	.77
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	31.5	31.8	31.6	31.6	34.3	34.7	35.8	34.4
Employee Benefits	4.9	4.8	5.2	4.7	5.6	5.2	5.2	4.8
Total	36.4	36.6	36.8	36.3	39.9	39.9	41.0	39.2
Depreciation (All)	16.1	15.8	15.5	16.4	13.9	14.0	14.0	13.4
Occupancy Cost	7.7	7.3	7.1	6.6	5.7	5.0	5.9	5.7
Equipment Maintenance & Repair	7.6	7.7	7.9	8.8	5.8	6.3	5.5	6.9
Interest	3.4	3.1	3.2	3.4	5.1	4.1	4.8	4.5
Advertising & Promotion	2.7	2.7	2.6	2.4	2.3	2.3	2.6	2.4
Insurance	4.2	4.7	4.6	3.1	3.9	4.6	4.2	3.4
Shop Supplies & Expense	4.2	3.3	3.4	4.1	2.4	2.8	2.3	3.4
OPERATING PROFIT	6.3	7.4	8.1	8.5	8.0	6.6	6.4	6.5
NUMBER OF RESPONDENTS	322	303	306	359	154	143	153	154

TABLE III-1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1988

	REVENUE FROM RENTALS		
	Over 70 Percent Percents	Under 70 Percent Percents	Insert Your Own Percents Here
Rental Income	81.43	38.85	
Merchandise & Equipment Sales	13.06	52.11	
Other Operating Income	5.51	9.04	
Total Operating Income	100.00	100.00	
Less Cost of Sales	10.11	44.33	
Gross Operating Profit	89.89	55.67	
OPERATING EXPENSES:			
Salaries & Wages	28.37	19.10	
Employee Benefits & Taxes	4.38	3.13	
Equipment Maintenance & Repair	6.79	3.25	
Shop Supplies & Expense	3.81	1.36	
Occupancy Cost	6.96	3.16	
Bad Debts Expense	0.99	0.76	
Office Supplies & Expenses	1.15	0.91	
Associations & Travel Expense	0.69	0.47	
Legal & Accounting	1.20	0.66	
Telephone & Other Communications	0.89	0.70	
Automobile & Truck Expense	1.80	1.59	
Insurance	3.77	2.18	
Advertising & Promotion	2.41	1.27	
Other Taxes	1.15	0.61	
Interest	3.02	2.84	
Franchise Fees	0.34	0.02	
Depreciation, Non-Rental Equipment	1.84	1.24	
Other Operating Expenses	2.05	1.41	
TOTAL OPERATING EXPENSES	71.61	44.67	
Operating Profit Before Rental Depr.	18.29	11.00	
Depreciation on Rental Equipment	12.60	6.53	
OPERATING PROFIT	5.69	4.47	
Other Income & Expense (Net)	0.52	0.88	
NET INCOME BEFORE INCOME TAXES	6.21	5.35	
NUMBER OF RESPONDENTS	322	154	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE III-2. BALANCE SHEETS BY SOURCE OF REVENUE, 1988

	REVENUE FROM RENTALS		
	Over 70 Percent Percents	Under 70 Percent Percents	Insert Your Own Percents Here
CURRENT ASSETS:			
Cash	7.65	4.31	
Accounts Receivable (Net)	13.19	18.81	
Merchandise Inventories	4.77	22.93	
Marketable Securities	1.49	1.10	
Prepaid Expenses	1.58	1.34	
Supplies Inventory	1.61	0.40	
Other Current Assets	0.98	1.97	
Total Current Assets	31.26	50.85	
Rental Equipment—Net Book Value	51.68	36.32	
Other Fixed Assets—Net Book Value	12.52	9.50	
Total Fixed Assets	64.20	45.82	
Other Assets	4.54	3.33	
TOTAL ASSETS	100.00	100.00	
CURRENT LIABILITIES:			
Accounts Payable	5.03	14.15	
Current Notes Payable	10.69	15.26	
Contracts Payable	0.90	2.34	
Customers' Rental Deposits	0.22	0.11	
Accrued Expenses	1.99	2.17	
Taxes Payable	1.54	1.16	
Other Current Liabilities	3.70	0.79	
Total Current Liabilities	24.08	35.99	
Long-Term Debt	28.50	26.39	
Other Liabilities	2.56	1.27	
Total Liabilities	55.14	63.65	
Net Worth	44.86	36.35	
TOTAL LIABILITIES & NET WORTH	100.00	100.00	
NUMBER OF RESPONDENTS	322	154	

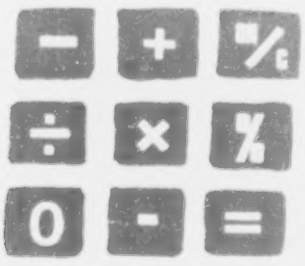


TABLE III-3. AVERAGE INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	122,727	85.12	277,293	82.12	586,219	82.86	1,225,348	82.19	2,659,990	79.67	9,469,590	80.90
Merchandise & Equipment Sales	14,989	10.40	42,231	12.51	86,414	12.21	185,227	12.42	425,966	12.76	1,634,340	13.96
Other Operating Income	6,460	4.48	18,163	5.38	34,884	4.93	80,215	5.38	252,876	7.57	601,903	5.14
Total Operating Income	144,176	100.00	337,687	100.00	707,517	100.00	1,490,790	100.00	3,338,832	100.00	11,705,834	100.00
Less Cost of Sales	10,073	6.99	29,941	8.87	64,014	9.05	153,486	10.30	263,884	7.90	1,338,074	11.43
Gross Operating Profit	134,103	93.01	307,747	91.13	643,503	90.95	1,337,304	89.70	3,074,948	92.10	10,367,760	88.57
OPERATING EXPENSES												
Salaries & Wages	36,427	25.27	94,512	27.99	231,434	32.71	469,191	31.47	1,085,706	32.52	2,834,395	24.21
Employee Benefits & Taxes	4,467	3.10	12,907	3.82	34,813	4.92	72,472	4.86	180,206	5.40	444,176	3.79
Equipment Maintenance & Repair	7,890	5.47	20,591	6.10	40,182	5.68	86,083	5.77	215,429	6.45	932,339	7.96
Shop Supplies & Expense	9,835	6.82	14,438	4.28	27,820	3.93	63,556	4.26	146,983	4.40	369,884	3.16
Occupancy Cost	12,648	8.77	27,114	8.03	51,398	7.26	97,981	6.57	206,269	6.18	823,059	7.03
Bad Debts Expense	631	0.44	1,810	0.54	4,958	0.70	14,708	0.99	31,544	0.94	143,552	1.23
Office Supplies & Expense	2,005	1.39	4,543	1.35	9,117	1.29	19,105	1.28	39,457	1.18	113,843	0.97
Associations & Travel Expense	1,858	1.29	2,352	0.70	4,772	0.67	8,768	0.59	20,328	0.61	87,901	0.75
Legal & Accounting	1,505	1.04	3,682	1.09	10,197	1.44	15,981	1.07	24,910	0.75	158,557	1.35
Telephone & Other Communications	1,679	1.16	3,228	0.96	6,095	0.86	11,715	0.79	21,756	0.65	116,917	1.00
Automobile & Truck Expense	2,799	1.94	5,627	1.67	11,804	1.67	24,064	1.61	58,839	1.76	232,518	1.99
Insurance	6,879	4.77	15,846	4.69	31,548	4.46	64,393	4.32	183,298	5.49	289,336	2.47
Advertising & Promotion	5,836	4.05	10,452	3.10	20,238	2.86	40,787	2.74	60,362	1.81	244,526	2.09
Other Taxes	1,174	0.81	4,654	1.38	8,639	1.22	16,804	1.13	49,134	1.47	116,706	1.00
Interest	5,952	4.13	10,910	3.23	22,219	3.14	43,435	2.91	81,378	2.44	368,815	3.15
Franchise Fees	287	0.20	752	0.22	489	0.07	180	0.01	19,988	0.60	62,165	0.53
Depreciation, Non-Rental Equipment	3,061	2.12	7,153	2.12	15,638	2.21	28,366	1.90	66,374	1.99	184,083	1.57
Other Operating Expenses	2,354	1.63	6,312	1.87	7,989	1.13	29,216	1.96	45,289	1.36	312,878	2.67
TOTAL OPERATING EXPENSES	107,286	74.41	246,881	73.11	539,348	76.23	1,106,804	74.24	2,537,248	75.99	7,835,648	66.94
Operating Profit Before Rental Depr.	26,817	18.60	60,865	18.02	104,155	14.72	230,500	15.46	537,700	16.10	2,532,111	21.63
Depreciation on Rental Equipment	19,732	13.69	39,641	11.74	74,550	10.54	171,819	11.53	410,713	12.30	1,646,545	14.07
OPERATING PROFIT	7,085	4.91	21,225	6.29	29,605	4.18	58,682	3.94	126,988	3.80	885,566	7.57
Other Income & Expense (Net)	951	0.66	3,387	1.00	7,470	1.06	11,387	0.76	18,330	0.55	12,357	0.11
NET INCOME BEFORE INCOME TAXES	8,036	5.57	24,612	7.29	37,075	5.24	70,069	4.70	145,317	4.35	897,923	7.67
NUMBER OF RESPONDENTS	33		117		80		60		17		15	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE III-4. AVERAGE BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS												
Cash	10,503	7.46	27,734	11.71	59,100	11.32	81,341	7.64	183,710	8.58	593,185	5.73
Accounts Receivable (Net)	12,970	9.21	19,218	8.12	51,687	9.90	129,980	12.21	362,032	16.91	1,516,439	14.64
Merchandise Inventories	6,918	4.91	12,137	5.13	29,119	5.58	47,413	4.45	64,071	2.99	520,929	5.01
Marketable Securities	2,078	1.47	12,459	5.26	10,331	1.98	28,733	2.70	20,494	0.96	32,626	0.31
Prepaid Expenses	1,873	1.33	2,850	1.20	8,370	1.60	20,797	1.95	63,405	2.96	120,312	1.16
Supplies Inventory	285	0.20	589	0.25	3,479	0.67	3,434	0.32	11,793	0.55	303,302	2.93
Other Current Assets	7,390	5.25	951	0.40	8,982	1.72	19,677	1.85	15,518	0.72	46,837	0.45
Total Current Assets	42,018	29.83	75,938	32.07	171,069	32.76	331,376	31.12	721,024	33.67	3,133,631	30.25
Rental Equipment—Net Book Value	74,537	52.91	117,176	49.49	242,139	46.37	555,056	52.12	1,092,713	51.03	5,535,306	53.43
Other Fixed Assets—Net Book Value	19,560	13.89	39,760	16.79	89,692	17.17	153,765	14.44	292,092	13.64	975,046	9.41
Total Fixed Assets	94,097	66.80	156,936	66.28	331,830	63.54	708,822	66.56	1,384,806	64.67	6,510,352	62.84
Other Assets	4,749	3.37	3,887	1.64	19,336	3.70	24,754	2.32	35,450	1.66	716,222	6.91
TOTAL ASSETS	140,864	100.00	236,762	100.00	522,235	100.00	1,064,952	100.00	2,141,279	100.00	10,360,204	100.00
CURRENT LIABILITIES												
Accounts Payable	4,139	2.94	6,287	2.66	17,737	3.40	45,753	4.30	150,990	7.05	598,172	5.77
Current Notes Payable	11,972	8.50	26,928	11.37	46,787	8.96	125,691	11.80	233,693	10.91	1,097,589	10.59
Contracts Payable	1,398	0.99	5,777	2.44	7,793	1.49	7,761	0.73	51,696	2.41	19,632	0.19
Customers' Rental Deposits	340	0.24	1,147	0.48	690	0.13	1,842	0.17	4,564	0.21	22,523	0.22
Accrued Expenses	574	0.41	1,610	0.68	9,787	1.87	18,974	1.78	54,317	2.54	234,936	2.27
Taxes Payable	2,131	1.51	2,720	1.15	6,574	1.26	12,517	1.18	27,536	1.29	196,890	1.90
Other Current Liabilities	1,561	1.11	838	0.35	2,500	0.48	5,582	0.52	17,942	0.84	748,156	7.22
Total Current Liabilities	22,115	15.70	45,307	19.14	91,869	17.59	218,120	20.48	540,737	25.25	2,917,898	28.16
Long-Term Debt	78,499	55.73	76,370	32.26	162,700	31.15	325,798	30.59	497,896	23.25	2,763,064	26.67
Other Liabilities	3,641	2.58	1,983	0.84	8,812	1.69	19,314	1.81	29,811	1.39	380,584	3.67
Total Liabilities	104,255	74.01	123,660	52.23	263,382	50.43	563,232	52.89	1,068,445	49.90	6,061,546	58.51
Net Worth	36,609	25.99	113,101	47.77	258,854	49.57	501,719	47.11	1,072,834	50.10	4,298,659	41.49
TOTAL LIABILITIES & NET WORTH	140,864	100.00	236,762	100.00	522,235	100.00	1,064,952	100.00	2,141,279	100.00	10,360,204	100.00
NUMBER OF RESPONDENTS	33		117		80		60		17		15	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTALS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	86,106	58.14	197,101	54.03	343,733	50.50	678,376	42.75	1,583,577	45.84	3,484,144	33.69
Merchandise & Equipment Sales	57,805	39.03	131,831	36.14	295,209	43.37	789,226	49.73	1,701,052	49.24	5,730,617	55.42
Other Operating Income	4,194	2.83	35,890	9.84	41,761	6.13	119,326	7.52	170,086	4.92	1,126,423	10.89
Total Operating Income	148,105	100.00	364,822	100.00	680,703	100.00	1,586,928	100.00	3,454,715	100.00	10,341,184	100.00
Less Cost of Sales	38,535	26.02	92,469	25.35	211,590	31.08	623,449	39.29	1,273,843	36.87	5,202,676	50.31
Gross Operating Profit	109,571	73.98	272,353	74.65	469,113	68.92	963,479	60.71	2,180,872	63.13	5,138,508	49.69
OPERATING EXPENSES												
Salaries & Wages	33,733	22.78	84,343	23.12	165,306	24.28	320,617	20.20	836,950	24.23	1,713,765	16.57
Employee Benefits & Taxes	3,429	2.32	10,934	3.00	24,354	3.58	51,014	3.21	115,090	3.33	310,576	3.00
Equipment Maintenance & Repair	2,940	1.99	19,613	5.38	23,699	3.48	51,672	3.26	126,914	3.67	310,192	3.00
Shop Supplies and Expense	1,344	0.91	12,982	3.56	22,941	3.37	31,170	1.96	58,345	1.69	79,179	0.77
Occupancy Cost	7,222	4.88	20,076	5.50	33,344	4.90	60,256	3.80	125,719	3.64	262,115	2.53
Bad Debt Expense	332	0.22	1,726	0.47	5,854	0.86	11,783	0.74	24,401	0.71	81,188	0.79
Office Supplies & Expense	3,293	2.22	4,058	1.11	8,576	1.26	18,096	1.14	47,349	1.37	68,272	0.66
Associations & Travel Expense	0	0.00	2,482	0.68	4,495	0.66	8,468	0.53	13,863	0.40	45,643	0.44
Legal & Accounting	1,514	1.02	6,314	1.73	6,289	0.92	17,323	1.09	21,730	0.63	48,839	0.47
Telephone & Other Communications	1,958	1.32	3,034	0.83	5,870	0.86	10,839	0.68	20,112	0.58	73,717	0.71
Automobile & Truck Expense	5,350	3.61	6,134	1.68	9,096	1.34	16,759	1.06	36,954	1.07	197,069	1.91
Insurance	6,593	4.45	13,185	3.61	22,530	3.31	38,310	2.41	89,316	2.59	185,333	1.79
Advertising & Promotion	2,884	1.95	10,420	2.86	17,399	2.56	28,034	1.77	58,210	1.68	82,084	0.79
Other Taxes	271	0.18	4,016	1.10	5,702	0.84	9,898	0.62	25,379	0.73	54,577	0.53
Interest	9,633	6.50	10,571	2.90	15,689	2.30	46,420	2.93	64,590	1.87	323,787	3.13
Franchise Fees	0	0.00	425	0.12	145	0.02	1,100	0.07	333	0.01	287	0.00
Depreciation, Non-Rental Equipment	575	0.39	6,527	1.79	10,962	1.61	30,642	1.93	42,113	1.22	101,694	0.98
Other Operating Expenses	2,670	1.80	3,443	0.94	6,595	0.97	28,217	1.78	40,916	1.18	148,975	1.44
TOTAL OPERATING EXPENSES	83,739	56.54	220,285	60.38	388,846	57.12	780,620	49.19	1,748,284	50.61	4,087,293	39.52
Operating Profit Before Rental Depr.	25,832	17.44	52,068	14.27	80,267	11.79	182,859	11.52	432,588	12.52	1,051,215	10.17
Depreciation on Rental Equipment	19,815	13.38	32,104	8.80	43,311	6.36	108,933	6.86	248,018	7.18	635,243	6.14
OPERATING PROFIT	6,017	4.06	19,965	5.47	36,956	5.43	73,926	4.66	184,570	5.34	415,972	4.02
Other Income & Expense (Net)	1,695	1.14	8,304	2.28	6,895	1.01	15,125	0.95	27,066	0.78	82,131	0.79
NET INCOME BEFORE INCOME TAXES	7,712	5.21	28,268	7.75	43,850	6.44	89,050	5.61	211,636	6.13	498,103	4.82
NUMBER OF RESPONDENTS	4		32		39		39		18		22	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE III-6. AVERAGE BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTALS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS												
Cash	8,908	1.05	756,961	8.42	1,223,111	7.88	3,160,215	7.57	2,992,283	7.09	3,228,582	2.09
Accounts Receivable (Net)	135,660	15.98	1,057,252	11.77	2,091,748	13.48	7,246,368	17.35	7,817,669	18.52	31,278,344	20.25
Merchandise Inventories	217,560	25.62	1,633,323	18.18	3,461,636	22.31	9,389,320	22.48	8,810,691	20.88	36,968,992	23.93
Marketable Securities	0	0.00	89,137	0.99	177,189	1.14	344,522	0.82	907,158	2.15	1,371,120	0.89
Prepaid Expenses	8,116	0.96	218,001	2.43	127,189	0.82	402,244	0.96	558,395	1.32	2,224,142	1.44
Supplies Inventory	0	0.00	56,814	0.63	130,289	0.84	407,103	0.97	457,624	1.08	0	0.00
Other Current Assets	0	0.00	11,224	0.12	85,163	0.55	249,190	0.60	214,857	0.51	4,631,166	3.00
Total Current Assets	370,244	43.60	3,822,712	42.54	7,296,325	47.03	21,198,962	50.75	21,758,677	51.55	79,702,346	51.59
Rental Equipment—Net Book Value	361,453	42.57	3,282,373	36.53	5,535,682	35.68	14,784,821	35.40	14,444,446	34.22	57,405,021	37.16
Other Fixed Assets—Net Book Value	114,261	13.46	1,395,854	15.53	2,027,819	13.07	5,259,042	12.59	3,106,792	7.36	13,171,061	8.53
Total Fixed Assets	475,714	56.02	4,678,227	52.06	7,563,501	48.76	20,043,863	47.99	17,551,238	41.59	70,576,082	45.68
Other Assets	3,195	0.38	485,133	5.40	652,842	4.21	526,203	1.26	2,895,519	6.86	4,209,350	2.72
TOTAL ASSETS	849,153	100.00	8,986,072	100.00	15,512,668	100.00	41,769,028	100.00	42,205,434	100.00	154,487,778	100.00
CURRENT LIABILITIES												
Accounts Payable	85,888	10.11	820,944	9.14	1,123,021	7.24	5,073,330	12.15	3,704,917	8.78	26,507,984	17.16
Current Notes Payable	160,013	18.84	741,544	8.25	1,702,603	10.98	5,144,155	12.32	3,427,953	8.12	29,085,698	18.83
Contracts Payable	0	0.00	180,403	2.01	177,152	1.14	2,504,799	6.00	264,084	0.63	3,054,644	1.98
Customers' Rental Deposits	0	0.00	29,510	0.33	32,241	0.21	108,664	0.26	82,451	0.20	42,988	0.03
Accrued Expenses	0	0.00	98,706	1.10	143,779	0.93	656,853	1.57	857,201	2.03	3,977,538	2.57
Taxes Payable	3,021	0.36	108,234	1.20	210,334	1.36	713,747	1.71	573,198	1.36	1,438,869	0.93
Other Current Liabilities	0	0.00	51,793	0.58	189,440	1.22	1,188,643	2.85	230,029	0.55	436,163	0.28
Total Current Liabilities	248,922	29.31	2,031,134	22.60	3,578,570	23.07	15,390,191	36.85	9,139,833	21.66	64,543,884	41.78
Long-Term Debt	200,162	23.57	3,281,660	36.52	3,807,288	24.54	11,745,531	28.12	9,920,166	23.50	40,663,735	26.32
Other Liabilities	335,622	39.52	16,785	0.19	326,340	2.10	678,514	1.62	269,020	0.64	1,726,769	1.12
Total Liabilities	784,706	92.41	5,329,579	59.31	7,712,198	49.72	27,814,236	66.59	19,329,019	45.80	106,934,388	69.22
Net Worth	64,447	7.59	3,656,493	40.69	7,800,470	50.28	13,954,792	33.41	22,876,415	54.20	47,553,390	30.78
TOTAL LIABILITIES & NET WORTH	849,153	100.00	8,986,072	100.00	15,512,668	100.00	41,769,028	100.00	42,205,434	100.00	154,487,778	100.00
NUMBER OF RESPONDENTS	4		32		39		39		18		22	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Responding firms were placed into one of the three major rental categories -- construction and industrial, general rental or party—based upon the information shown on the survey forms. Descriptions of each category are shown on the first page of the survey form reproduced on page 35.

Construction and Industrial Equipment

Return on investment was up slightly to 19.8 percent in 1988 from 19.5 percent in 1987. However, return on total assets and return on revenues decreased slightly in 1988.

Average income before taxes for those firms responding was $143,400 in 1988 compared with $119,500 in 1987.

Comparisons with the previous year of major expenses as a percentage of gross operating profit show increases in occupancy cost (up .8 percent) and interest (.5) percent). Largest decreases were in salaries and wages (.5 percent) and depreciation (.7 percent).

The net worth of these firms decreased to 40.3 percent of total assets in 1988 from 42.7 percent a year earlier. Current ratios increased slightly from 1.31-to-1 in 1987 to 1.33-to-1 in 1988. The ratio of rental revenues to equipment cost (before depreciation) increased from .81 times in 1987 to .83 times in 1988. Average collection days of accounts receivable dropped significantly from 44 days in 1987 to 22 days in 1988. The debt to net worth ratio increased to 1.48-to-1 in 1988 from 1.34-to-1 in 1987.

The number of respondents in construction and industrial equipment increased from 253 in 1987 to 283 in 1988.

General Rental

Return on investment dropped significantly in 1988 to 13.7 percent from 20.0 percent in 1987 and 18.9 percent in 1986. Return on total assets dropped from 10.2 percent in 1987 to 6.8 percent in 1988. Return on revenues dropped to 4.6 percent. Average net income before taxes per respondent was $29,700 in 1988 compared with $54,250 in 1987, and $33,700 in 1986.

Comparisons with the previous year of major expenses as a percentage of gross operating profit show the largest increases in occupancy (1.0 percent) and labor costs (up 1.0 percent). Decreases were registered in equipment maintenance and repair (down 1.1 percent) and insurance (.5 percent).

Current ratios decreased from 1.79-to-1 in 1987 to 1.51 in 1988. The acid test ratio decreased from 1.17-to-1 in 1987 to .95-to-1 in 1988. The average collection days of accounts receivable dropped to 26 days in 1988 from 30 days in 1987.

The ratio of rental revenues to rental investment (after depreciation) decreased to 2.3 times in 1988 from 2.9 times in 1987, and the ratio of rental revenues to equipment cost went from 1.18 times in 1987 to .89 times in 1988.

Respondents increased from 120 in 1987 to 128 in 1988.

Party

This category was changed in the 1988 survey from medical-party to just party. Hence, some comparisons with previous years may not be totally applicable.

Profitability increased for these respondents in 1988. Return on investment increased from 18.7 percent in 1987 to 24.0 percent in 1988. Return on total assets rose from 8.8 percent in 1987 to 9.4 percent in 1988.

The ratios of rental revenues to equipment cost and to rental investment (after depreciation) both increased. The ratio of rental revenues to equipment cost was 1.15 times in 1987 compared with 1.28 times in 1988, and the ratio of rental revenues to rental investment was 3.6 times in 1987 vs. 4.5 times in 1988.

The current ratio of party firms increased slightly from 1.62 in 1987 to 1.67 in 1988.

There were 65 rental firms in the party category that responded to the 1988 survey.

Tables

Table IV-1 shows percentages of income and expenses as a percent of total income, and Table IV-2 shows percentages of balance-sheet items as a percent of total assets. Table IV-3 contains key financial ratios for the years 1985-1988 for firms in all three categories.

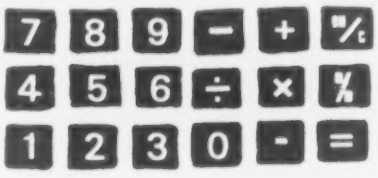


TABLE IV-1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1988

	Construction & Industrial Percents	General Rental Percents	Party Percents	Insert Your Own Percents Here
Rental Income	58.45	71.91	75.33	
Merchandise & Equipment Sales	34.19	20.77	19.59	
Other Operating Income	7.36	7.33	5.08	
Total Operating Income	100.00	100.00	100.00	
Less Cost of Sales	28.85	16.41	13.74	
Gross Operating Profit	71.15	83.59	86.26	
OPERATING EXPENSES:				
Salaries & Wages	22.30	29.55	35.00	
Employee Benefits & Taxes	3.56	4.96	4.63	
Equipment Maintenance & Repair	5.35	4.60	2.72	
Shop Supplies & Expense	2.47	2.97	4.14	
Occupancy Cost	4.72	7.34	6.86	
Bad Debts Expense	0.95	0.64	0.36	
Office Supplies & Expenses	0.94	1.60	1.30	
Associations & Travel Expense	0.57	0.66	0.69	
Legal & Accounting	0.83	1.72	1.13	
Telephone & Other Communications	0.78	0.88	0.87	
Automobile & Truck Expense	1.62	1.41	3.09	
Insurance	2.86	3.93	3.32	
Advertising & Promotion	1.60	3.04	3.29	
Other Taxes	0.88	1.13	0.70	
Interest	2.98	2.89	2.47	
Franchise Fees	0.17	0.35	0.07	
Depreciation, Non-Rental Equipment	1.47	1.88	2.09	
Other Operating Expenses	1.82	1.07	1.78	
TOTAL OPERATING EXPENSES	55.88	70.63	74.51	
Operating Profit Before Rental Depr.	15.27	12.96	11.75	
Depreciation on Rental Equipment	9.91	9.35	7.43	
OPERATING PROFIT	5.35	3.61	4.32	
Other Income & Expense (Net)	0.67	0.97	0.59	
NET INCOME BEFORE INCOME TAXES	6.02	4.59	4.91	
NUMBER OF RESPONDENTS	283	128	65	

TABLE IV-2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1988

	Construction & Industrial Percents	General Rental Percents	Party Percents	Insert Your Own Percents Here
CURRENT ASSETS:				
Cash	5.65	9.27	9.20	
Accounts Receivable (Net)	16.45	10.75	11.94	
Merchandise Inventories	13.37	9.23	10.42	
Marketable Securities	1.11	2.38	2.90	
Prepaid Expenses	1.43	1.55	2.02	
Supplies Inventory	1.17	0.52	0.41	
Other Current Assets	1.23	2.03	3.49	
Total Current Assets	40.41	35.74	40.38	
Rental Equipment—Net Book Value	44.74	46.93	42.78	
Other Fixed Assets—Net Book Value	10.63	14.58	14.19	
Total Fixed Assets	55.37	61.51	56.98	
Other Assets	4.22	2.75	2.64	
TOTAL ASSETS	100.00	100.00	100.00	
CURRENT LIABILITIES:				
Accounts Payable	9.40	6.58	8.33	
Current Notes Payable	12.94	11.92	10.42	
Contracts Payable	1.53	1.94	1.12	
Customers' Rental Deposits	0.16	0.17	0.42	
Accrued Expenses	2.20	1.21	1.57	
Taxes Payable	1.40	0.88	1.77	
Other Current Liabilities	2.68	0.94	0.59	
Total Current Liabilities	30.30	23.62	24.23	
Long-Term Debt	27.39	25.27	35.04	
Other Liabilities	2.06	1.62	1.38	
Total Liabilities	59.74	50.51	60.65	
Net Worth	40.26	49.49	39.35	
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	
NUMBER OF RESPONDENTS	283	128	65	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE IV—3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1985-1988

Financial Ratio	Construction & Industrial				General Rentals				Party			
	1988	1987	1986	1985	1988	1987	1986	1985	1988	1987	1986	1985
Current Ratio	1.33	1.31	1.34	1.41	1.51	1.79	1.27	1.20	1.67	1.62	1.61	1.46
Acid Test Ratio	.77	.77	.75	.84	.95	1.17	.79	.64	.99	1.13	.95	.91
Debt to Net Worth Ratio	1.48	1.34	1.23	1.14	1.02	.96	1.27	1.24	1.54	1.11	1.33	1.19
Return on Investment (Expressed in percentages)	19.8	19.5	20.3	31.4	13.7	20.0	18.9	16.3	24.0	18.7	17.5	24.9
Return on Total Assets	8.0	8.3	9.1	10.0	6.8	10.2	8.3	7.3	9.4	8.8	7.5	11.3
Return on Revenues	6.0	6.4	6.7	6.9	4.6	6.4	5.7	5.4	4.9	5.5	3.9	6.7
Average Collection Period (Days)	22	44	43	41	26	30	24	28	23	26	22	24
Profits on Rental Investment (Expressed in percentages)	17.8	18.7	20.0	21.2	14.5	25.4	17.8	15.6	22.1	25.7	21.3	24.9
Total Revenues to Rental Investment	3.0	2.9	3.0	3.1	3.2	4.0	3.1	2.9	4.5	3.6	5.5	3.7
Rental Revenues to Rental Investment	1.7	1.8	1.8	1.8	2.3	2.9	2.3	2.1	3.4	2.8	3.7	2.7
Rental Revenues to Equipment Cost	.83	.81	.85	.80	.89	1.18	.94	.89	1.28	1.15	1.32	2.07
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	31.3	31.8	32.5	32.1	35.4	34.5	33.9	33.1	40.6	386	40.6	37.7
Employee Benefits	5.0	4.8	5.2	4.8	5.9	5.1	4.8	4.5	5.3	5.4	6.2	5.2
Total	36.3	36.6	37.7	36.9	41.3	39.6	38.7	37.6	45.9	44.0	46.8	42.9
Depreciation (All)	16.0	16.7	15.4	15.8	13.4	13.4	14.3	14.6	11.0	12.2	11.1	12.5
Occupancy Cost	6.6	5.8	6.2	5.5	8.8	7.8	8.1	7.8	8.0	8.9	8.0	8.4
Equipment Maintenance & Repair	7.5	7.8	7.3	8.6	5.5	6.6	6.9	7.5	3.1	3.7	3.2	3.1
Interest	4.2	3.7	3.9	3.8	3.5	3.0	3.6	3.9	2.9	3.0	2.6	2.8
Advertising & Promotion	2.2	2.3	2.2	2.0	3.6	2.9	3.5	3.2	3.8	3.7	4.0	3.8
Insurance	4.0	4.6	4.4	3.1	4.7	5.2	5.0	3.6	3.9	4.3	3.9	3.0
Shop Supplies & Expense	3.5	2.9	2.9	3.7	3.5	3.5	3.4	4.2	4.8	4.3	3.4	4.0
OPERATING PROFIT	7.5	7.6	8.1	8.6	4.3	6.7	5.7	5.9	5.0	4.7	4.3	7.2
NUMBER OF RESPONDENTS	283	253	250	240	128	120	177	237	65	73	32	36

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V-1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1988 & 1987

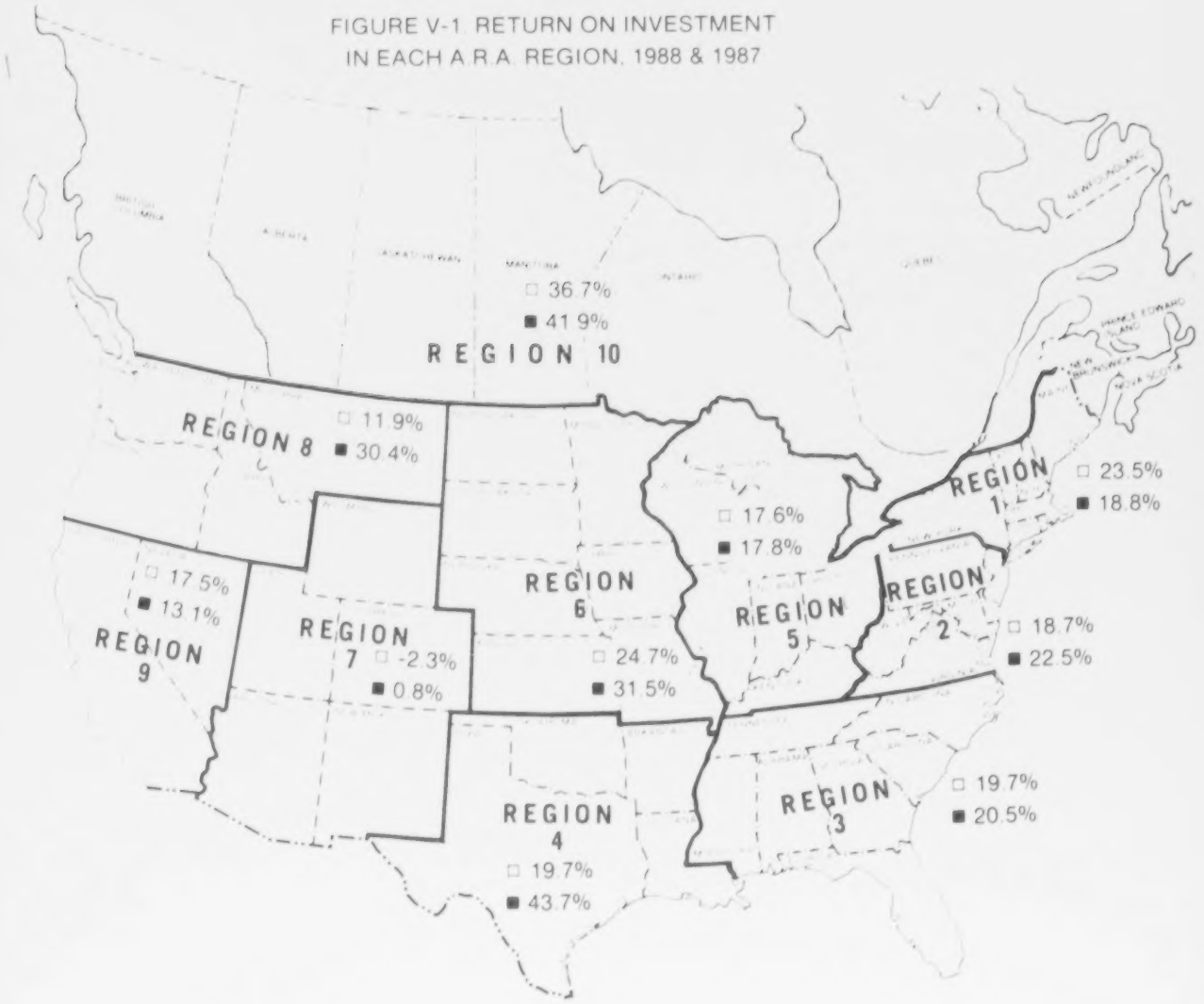


Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1986-1988 for firms in each of the 10 regions are in Table V-3.

□ 1987 FIGURES
■ 1988 FIGURES

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
REGION 4: Arkansas, Louisiana, Oklahoma, Texas
REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
REGION 8: Alaska, Idaho, Montana, Oregon, Washington
REGION 9: California, Hawaii, Nevada
REGION 10: Canada

TABLE V-1. INCOME AND EXPENSE BY REGION, 1988

	Northeast R-1 Percents	Eastern R-2 Percents	Southeast R-3 Percents	Southwest R-4 Percents	Great Lakes R-5 Percents	Midwest R-6 Percents	Rocky Mountain R-7 Percents	Northwest R-8 Percents	Pacific R-9 Percents	Canada R-10 Percents
Rental Income	51.65	56.84	66.71	73.97	50.26	63.94	71.32	75.81	67.14	64.01
Merchandise & Equipment Sales	46.02	37.99	29.71	21.57	36.13	25.43	20.55	19.79	26.24	26.62
Other Operating Income	2.33	5.17	3.58	4.45	13.61	10.63	8.13	4.40	6.63	9.38
Total Operating Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Less Cost of Sales	34.08	29.98	23.09	15.52	35.58	24.59	16.42	14.25	18.73	26.61
Gross Operating Profit	65.92	70.02	76.91	84.48	64.42	75.41	83.58	85.75	81.27	73.39
OPERATING EXPENSES										
Salaries & Wages	24.12	23.41	22.88	24.12	21.07	24.89	28.56	24.73	26.37	23.57
Employee Benefits & Taxes	3.97	3.70	3.37	3.74	3.89	2.99	4.54	5.46	4.83	2.42
Equipment Maintenance & Repair	2.03	4.16	6.27	7.41	5.37	4.66	6.23	6.07	6.28	5.19
Shop Supplies & Expense	1.58	2.83	2.65	2.09	1.46	2.76	2.95	4.19	4.94	2.23
Occupancy Cost	4.41	4.63	4.67	5.34	3.62	4.48	7.82	6.26	6.50	5.63
Bad Debts Expense	0.99	0.75	1.19	1.31	0.62	0.26	0.88	1.38	1.00	0.82
Office Supplies & Expense	1.16	0.94	1.15	1.12	0.89	0.62	1.24	1.26	0.90	1.15
Associations & Travel Expense	0.53	0.52	0.60	0.41	0.58	0.36	0.57	0.60	0.51	0.90
Legal & Accounting	1.33	0.60	1.29	0.90	0.70	2.23	1.44	0.49	0.90	0.59
Telephone & Other Communications	0.83	0.69	0.96	0.67	0.69	0.96	0.84	0.74	0.67	1.05
Automobile & Truck Expense	2.39	1.63	1.85	1.73	1.15	0.85	1.20	1.10	1.26	2.64
Insurance	2.94	3.07	2.81	4.00	2.31	3.60	3.68	3.15	5.07	1.07
Advertising & Promotion	1.59	1.80	2.25	1.78	1.40	2.42	1.94	2.46	1.81	2.21
Other Taxes	0.55	0.86	1.13	1.87	1.05	0.59	1.04	1.54	1.08	0.27
Interest	3.23	2.72	3.97	1.91	3.09	2.38	3.69	2.47	2.51	2.99
Franchise Fees	0.27	0.02	0.05	0.03	0.02	2.36	0.00	0.02	0.29	0.02
Depreciation, Non-Rental Equipment	1.36	1.35	1.72	1.55	1.26	3.46	2.44	1.63	1.55	1.31
Other Operating Expenses	1.63	3.59	1.05	2.27	0.76	1.41	1.03	0.71	1.18	2.58
TOTAL OPERATING EXPENSES	54.93	57.26	59.87	62.25	49.94	61.28	70.10	64.27	67.64	56.64
Operating Profit Before Rental Depr.	10.99	12.75	17.04	22.23	14.48	14.13	13.47	21.48	13.63	16.75
Depreciation on Rental Equipment	6.77	8.10	11.15	17.84	10.45	5.90	13.34	11.81	10.63	7.12
OPERATING PROFIT	4.22	4.66	5.89	4.39	4.03	8.23	0.13	9.67	3.00	9.63
Other Income & Expense (Net)	1.26	0.89	0.33	1.54	0.70	-0.01	0.16	1.34	1.12	-0.25
NET INCOME BEFORE INCOME TAXES	5.48	5.54	6.22	5.93	4.73	8.23	0.29	11.01	4.12	9.38
NUMBER OF RESPONDENTS	59	61	61	33	73	19	43	24	51	49

TABLE V-2. BALANCE SHEETS BY REGION, 1988

	Northeast R-1 Percents	Eastern R-2 Percents	Southeast R-3 Percents	Southwest R-4 Percents	Great Lakes R-5 Percents	Midwest R-6 Percents	Rocky Mountain R-7 Percents	Northwest R-8 Percents	Pacific R-9 Percents	Canada R-10 Percents
CURRENT ASSETS:										
Cash	6.06	4.79	4.38	17.62	3.66	4.61	11.71	5.31	8.17	2.10
Accounts Receivable (Net)	18.07	15.57	14.54	10.37	15.12	15.65	10.76	14.81	16.52	18.87
Merchandise Inventories	20.15	21.52	7.92	7.68	11.95	13.84	7.36	5.36	7.84	13.83
Marketable Securities	0.58	0.32	1.70	0.66	1.27	3.54	1.25	2.67	2.94	0.80
Prepaid Expenses	1.25	0.78	2.26	0.42	1.99	0.54	2.11	1.12	2.02	1.21
Supplies Inventory	0.07	0.13	0.36	0.28	0.42	16.88	1.25	0.71	1.16	0.74
Other Current Assets	3.95	1.21	0.69	0.93	0.47	0.09	1.56	0.10	0.47	2.34
Total Current Assets	50.13	44.31	31.86	37.96	34.88	55.16	36.00	30.07	39.12	39.90
Rental Equipment—Net Book Value	39.16	43.00	49.93	46.61	52.99	28.10	47.39	54.05	46.65	38.57
Other Fixed Assets—Net Book Value	8.35	9.36	14.38	11.86	8.21	15.67	14.57	12.79	10.59	13.64
Total Fixed Assets	47.52	52.36	64.31	58.47	61.20	43.77	61.97	66.85	57.24	52.22
Other Assets	2.36	3.34	3.83	3.57	3.92	1.07	2.04	3.08	3.64	7.89
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES:										
Accounts Payable	9.16	17.74	4.27	3.44	7.51	5.96	2.91	4.21	7.20	14.73
Current Notes Payable	13.31	12.62	6.39	9.44	15.95	13.62	14.36	6.65	17.11	10.19
Contracts Payable	2.41	0.49	0.84	0.14	0.34	2.27	0.47	3.65	1.43	3.82
Customers' Rental Deposits	0.18	0.17	0.18	0.60	0.13	0.18	0.08	0.13	0.15	0.06
Accrued Expenses	2.47	2.26	1.98	1.83	2.84	2.84	0.97	2.58	1.86	1.45
Taxes Payable	0.60	1.28	0.11	0.43	1.84	1.81	1.25	1.52	1.17	2.75
Other Current Liabilities	0.27	0.50	21.95	0.15	0.34	0.04	0.94	0.27	0.38	1.69
Total Current Liabilities	28.41	35.06	35.72	16.02	28.96	26.71	20.98	19.01	29.30	34.69
Long-Term Debt	28.89	26.99	25.78	14.21	31.55	29.21	32.82	29.17	22.96	31.28
Other Liabilities	0.64	0.29	0.90	0.17	3.02	0.95	0.26	0.17	1.57	6.06
Total Liabilities	57.94	62.34	62.40	30.40	63.53	56.87	54.07	48.34	53.83	72.02
Net Worth	42.06	37.66	37.60	69.60	36.47	43.13	45.93	51.66	46.17	27.98
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
NUMBER OF RESPONDENTS	59	61	61	33	73	19	43	24	51	49

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE V-3. FINANCIAL RATIOS BY REGION, 1986-1988

Financial Ratio	Northeast R-1			Eastern R-2			Southeast R-3			Southwest R-4			Great Lakes R-5		
	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986
Current Ratio	1.76	1 89	1 09	1.26	1 57	1 02	.89	1 18	1 23	2.37	1 51	1 47	1.20	1 09	1 39
Acid Test Ratio	.87	1 13	38	.59	93	71	.58	64	74	1.79	1 10	82	2.74	54	.73
Debt to Net Worth Ratio	1.38	1 19	1 97	1.55	1 32	1 63	1.66	1 18	1 09	.44	90	1 12	1.74	1 98	1 75
Return on Investment (Expressed in percentages)	18.8	23 5	30 3	22.5	18 7	30 9	20.5	19 7	16 4	43.7	19 7	8 2	17.8	17 6	25 7
Return on Total Assets	7.9	10 7	10 2	8.5	8 1	11 8	7.7	9 1	7 8	6.9	10 4	3 9	6.5	5 9	9 3
Return on Revenues	5.5	6 8	7 5	5.5	5 9	8 8	6.2	6 1	5 1	5.9	9 0	3 0	4.7	4 8	6 0
Average Collection Period (Days)	46	41	27	37	45	33	43	29	37	33	43	38	40	43	44
Profits on Rental Investment (Expressed in percentages)	20.2	27 5	29 5	19.7	17 1	19 0	15.5	19 0	15 9	14.8	28 1	8 3	12.2	12 9	20 9
Total Revenues to Rental Investment	3.7	4 1	3 9	3.6	2 9	2 2	2.5	3 1	3 1	2.5	3 1	2 8	2.6	2 7	3 5
Rental Revenues to Rental Investment	1.9	2 4	1 8	2.0	1 9	1 6	1.7	2 0	1 9	1.8	2 2	1 7	1.3	1 3	1 6
Rental Revenues to Equipment Cost	91	1 07	87	.97	94	82	.86	88	91	.59	88	76	.68	68	.81
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	36.6	34 7	30 7	33.4	33 4	28 3	29.7	33 9	35 0	28.6	32 2	33 8	32.7	31 1	33 9
Employee Benefits	6.0	6 5	6 0	5.3	5 2	5 7	4.4	4 4	4 0	4.4	3 7	4 8	6.0	6 0	5 2
Total	42.6	41 2	36 7	38.7	38 6	34 0	34.1	38 3	39 0	33.0	35 9	38 6	38.7	37 1	39 1
Depreciation (All)	12.3	13 8	16 1	13.5	15 8	17 1	16.7	18 6	15 6	23.0	16 2	19 7	18.2	18 1	14 7
Occupancy Cost	6.7	7 2	5 8	6.6	7 0	7 0	6.1	5 5	5 6	6.3	8 4	6 8	5.6	4 5	6 3
Equipment Maintenance & Repair	3.1	4 7	5 1	5.9	6 4	6 6	8.2	7 7	8 5	8.8	6 3	6 1	8.3	7 9	4 4
Interest	4.9	3 3	4 4	3.9	3 1	4 2	5.2	3 3	3 6	2.3	2 2	4 3	4.8	5 0	3 9
Advertising & Promotion	2.4	3 0	3 0	2.6	2 5	2 5	2.9	2 3	2 2	2.1	2 6	2 6	2.2	2 3	2 6
Insurance	4.5	4 8	4 0	4.4	5 0	3 8	3.7	4 9	4 3	4.7	4 1	5 4	3.6	3 2	4 2
Shop Supplies & Expense	2.4	2 7	2 3	4.0	3 6	3 8	3.4	3 2	3 7	2.5	2 6	3 0	2.3	2 4	1 6
OPERATING PROFIT	6.4	9 3	12 5	6.6	5 9	9 7	7.7	6 9	5 7	5 2	10 3	1 8	6 3	6 2	9 2
NUMBER OF RESPONDENTS	59	45	40	61	66	46	61	64	55	33	27	39	73	62	59

Note: Number of respondents totals 473 as three replies did not specify location.

TABLE V-3. FINANCIAL RATIOS BY REGION, 1986-1988 (Continued)

Financial Ratio	Midwest R-6			Rocky Mountain R-7			Northwest R-8			Pacific R-9			Canada R-10		
	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986	1988	1987	1986
Current Ratio	2.06	1.37	1.20	1.72	1.63	1.42	1.58	2.04	2.26	1.34	1.52	1.45	1.15	1.27	1.40
Acid Test Ratio	.89	69	65	1.13	1.15	97	1.20	1.26	1.19	.94	1.14	99	.63	71	77
Debt to Net Worth Ratio	1.32	91	1.00	1.18	1.53	1.12	.94	83	78	1.17	91	78	2.57	1.71	1.77
Return on Investment (Expressed in percentages)	31.5	24.7	23.2	0.8	-2.3	15.5	30.4	11.9	3.8	13.1	17.5	16.5	41.9	36.7	39.4
Return on Total Assets	13.6	12.9	11.6	0.3	-0.9	7.3	15.7	6.5	2.1	6.1	9.2	9.3	11.7	13.6	14.2
Return on Revenues (percentages)	8.2	8.1	8.5	0.3	-0.7	5.2	11.0	4.9	1.7	4.1	6.3	6.8	9.4	10.1	10.2
Average Collection Period (Days)	35	29	25	32	35	43	38	37	34	41	34	37	55	52	53
Profits on Rental Investment (Expressed in percentages)	48.4	31.4	24.9	0.7	-1.8	16.4	29.1	14.0	6.0	13.0	20.5	17.8	30.4	35.2	45.8
Total Revenues to Rental Investment	5.9	3.9	2.9	2.6	2.6	3.1	2.6	2.9	3.6	3.2	3.3	2.6	3.2	3.5	4.5
Rental Revenues to Rental Investment	3.8	2.9	1.9	1.8	2.1	2.4	2.0	1.9	2.1	2.1	2.3	2.0	2.1	2.2	2.8
Rental Revenues to Equipment Cost	1.50	1.93	87	.88	.74	.92	.80	.72	.78	.90	.88	.92	1.07	1.01	1.17
PERCENTS OF GROSS OPERATING PROFIT															
Salaries & Wages	33.0	31.6	31.9	34.2	36.3	34.1	28.8	28.3	35.5	32.5	33.5	34.1	32.1	32.6	33.0
Employee Benefits	4.0	3.0	4.3	5.4	5.6	5.9	6.4	5.9	6.9	5.9	5.4	6.0	3.3	3.4	3.2
Total	37.0	34.6	36.2	39.6	41.9	40.0	35.2	34.2	42.4	38.4	38.9	40.1	35.4	36.0	36.2
Depreciation (All)	12.4	13.1	15.0	18.9	17.0	15.6	15.7	20.4	15.1	15.0	14.8	13.4	11.5	11.0	9.7
Occupancy Cost	5.9	7.4	7.0	9.4	7.5	8.0	7.3	7.0	8.1	8.0	6.0	5.8	7.7	6.4	7.8
Equipment Maintenance & Repair	6.2	5.5	6.7	7.5	7.7	7.6	7.1	5.5	6.8	7.7	8.2	8.5	7.1	8.3	8.1
Interest	3.2	3.1	3.7	4.4	4.0	3.2	2.9	3.4	4.0	3.1	3.0	2.8	4.1	4.5	4.4
Advertising & Promotion	3.2	3.4	3.4	2.3	2.4	2.2	2.9	3.2	3.5	2.2	2.2	2.0	3.0	3.0	3.0
Insurance	4.8	4.8	5.2	4.4	5.1	4.3	3.7	5.1	5.5	6.2	7.1	6.2	1.5	1.8	1.3
Shop Supplies & Expense	3.7	3.0	2.9	3.5	3.5	2.5	4.9	4.6	3.3	6.1	3.3	3.9	3.0	3.1	2.6
OPERATING PROFIT	10.9	9.1	8.9	0.2	-1.9	4.5	11.3	5.0	0.0	3.7	6.0	7.0	13.1	13.1	13.2
NUMBER OF RESPONDENTS	19	22	35	43	38	40	24	21	30	51	66	75	49	35	40

SECTION VI. FINANCIAL DATA RELATED TO NUMBER OF CENTERS AND EMPLOYEES

Number of Rental Centers

A number of A R A members have requested that financial information be broken down by number of centers and number of full-time equivalent (FTE) employees. This is the first *Cost of Doing Business Survey* where this kind of information has been presented.

Table VI-1 shows average income and expense per rental center for each of the six size categories. Table VI-2 presents average balance sheets per rental center.

Tables VI-3 and VI-4 report average income and expense for those firms that are predominantly in rental vs. those that generate 30 percent or more of their revenues from sales.

There are large variations in revenues per rental center based upon the type of rental firm (see Table VI-5). For example, firms in the construction and industrial equipment category operate centers that averaged $1,267,000 in revenues in 1988. General rental firms' centers averaged $431,600, and party rental firms averaged $729,700 in their centers.

Number of Employees

Separate tables based on each employee are not presented in this report. Summary information includes the following:

- There were 8,641 employees (full-time equivalent basis) working for the 476 rental firms responding to the 1988 survey.
- Average revenues per employee in the rental industry in 1988 were $94,000.
- The construction and industrial category employed 6,490 persons (75 percent of all rental employment). Average operating income per employee in this category was $103,800 in 1988.
- General rental firms employed 1,252 persons (14 percent) and party rental firms had 900 employees (10 percent of total employment). Average operating income per employee in general rental firms was $66,200 and the average was $62,400 for employees of party rental firms.

TABLE VI-1. AVERAGE INCOME AND EXPENSE FOR RENTAL CENTERS BY ANNUAL REVENUE, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	118,768	82.14	225,294	75.71	399,358	72.52	543,356	66.06	1,100,362	61.98	1,151,026	54.25
Merchandise & Equipment Sales	19,618	13.57	53,254	17.90	122,028	22.16	227,682	27.68	565,080	31.83	792,572	37.36
Other Operating Income	6,215	4.30	19,032	6.40	29,268	5.32	51,449	6.26	109,857	6.19	177,947	8.39
Total Operating Income	144,601	100.00	297,580	100.00	550,654	100.00	822,487	100.00	1,775,299	100.00	2,121,545	100.00
Less Cost of Sales	13,150	9.09	37,570	12.63	88,564	16.08	182,194	22.15	409,182	23.05	708,053	33.37
Gross Operating Profit	131,451	90.91	260,010	87.37	462,090	83.92	640,293	77.85	1,366,117	76.95	1,413,492	66.63
OPERATING EXPENSES:												
Salaries & Wages	36,136	24.99	79,982	26.88	165,309	30.02	220,954	26.86	500,330	28.18	422,204	19.90
Employee Benefits & Taxes	4,355	3.01	10,814	3.63	24,734	4.49	34,445	4.19	76,644	4.32	71,028	3.35
Equipment Maintenance & Repair	7,354	5.09	17,656	5.93	27,409	4.98	39,023	4.74	88,757	5.00	109,523	5.16
Shop Supplies & Expense	8,917	6.17	12,237	4.11	20,665	3.75	27,332	3.32	52,969	2.98	38,369	1.81
Occupancy Cost	12,061	8.34	22,179	7.45	35,843	6.51	44,722	5.44	86,112	4.85	95,328	4.49
Bad Debts Expense	598	0.41	1,552	0.52	4,138	0.75	7,294	0.89	14,559	0.82	20,734	0.98
Office Supplies & Expense	2,145	1.48	3,845	1.29	7,045	1.28	10,065	1.22	22,732	1.28	16,893	0.80
Associations & Travel Expense	1,657	1.15	2,062	0.69	3,689	0.67	4,654	0.57	8,882	0.50	12,225	0.58
Legal & Accounting	1,506	1.04	3,679	1.24	7,026	1.28	8,883	1.08	12,158	0.68	18,173	0.86
Telephone & Other Communications	1,709	1.18	2,760	0.93	4,745	0.86	6,118	0.74	10,923	0.62	17,766	0.84
Automobile & Truck Expense	3,075	2.13	4,969	1.67	8,603	1.56	11,399	1.39	24,857	1.40	41,175	1.94
Insurance	6,848	4.74	13,232	4.45	22,533	4.09	29,118	3.54	70,504	3.97	44,302	2.09
Advertising & Promotion	5,517	3.82	9,048	3.04	15,216	2.76	19,242	2.34	30,954	1.74	28,809	1.36
Other Taxes	1,076	0.74	3,913	1.31	6,049	1.10	7,577	0.92	19,285	1.09	15,533	0.73
Interest	6,350	4.39	9,388	3.15	15,824	2.87	24,003	2.92	38,001	2.14	66,608	3.14
Franchise Fees	256	0.18	591	0.20	297	0.05	292	0.04	5,161	0.29	4,941	0.23
Depreciation, Non-Rental Equipment	2,792	1.93	6,080	2.04	11,116	2.02	15,745	1.91	28,155	1.59	26,308	1.24
Other Operating Expenses	2,388	1.65	4,934	1.66	5,936	1.08	15,508	1.89	22,484	1.27	41,951	1.98
TOTAL OPERATING EXPENSES	104,741	72.43	208,920	70.21	386,178	70.13	526,372	64.00	1,113,468	62.72	1,091,869	51.47
Operating Profit Before Rental Depr.	26,710	18.47	51,090	17.17	75,913	13.79	113,921	13.85	252,649	14.23	321,623	15.16
Depreciation on Rental Equipment	19,741	13.65	32,938	11.07	50,683	9.20	79,117	9.62	170,842	9.62	203,545	9.59
OPERATING PROFIT	6,969	4.82	18,152	6.10	25,229	4.58	34,804	4.23	81,807	4.61	118,078	5.57
Other Income & Expense (Net)	1,031	0.71	3,849	1.29	5,739	1.04	6,919	0.84	11,922	0.67	10,485	0.49
NET INCOME BEFORE INCOME TAXES	8,001	5.53	22,001	7.39	30,968	5.62	41,723	5.07	93,729	5.28	128,564	6.06
NUMBER OF CENTERS	37		172		151		184		67		190	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE VI-2. AVERAGE BALANCE SHEETS FOR RENTAL CENTERS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS												
Cash	9,608	6.47	23,266	10.91	39,412	10.39	43,699	7.61	91,274	7.78	63,823	3.91
Accounts Receivable (Net)	15,235	10.25	19,220	9.01	41,237	10.87	81,767	14.24	208,540	17.77	284,342	17.43
Merchandise Inventories	12,050	8.11	17,752	8.32	38,352	10.11	66,490	11.58	147,760	12.59	235,700	14.45
Marketable Securities	1,853	1.25	8,993	4.22	6,647	1.75	11,242	1.96	18,740	1.60	9,792	0.60
Prepaid Expenses	1,890	1.27	3,206	1.50	5,277	1.39	8,968	1.56	24,422	2.08	21,204	1.30
Supplies Inventory	254	0.17	731	0.34	2,706	0.71	3,332	0.58	9,823	0.84	23,945	1.47
Other Current Assets	6,591	4.44	712	0.33	5,323	1.40	7,771	1.35	7,144	0.61	28,072	1.72
Total Current Assets	47,482	31.96	73,881	34.64	138,953	36.62	223,269	38.88	507,703	43.27	666,878	40.89
Rental Equipment—Net Book Value	76,248	51.32	98,790	46.32	164,946	43.47	261,349	45.51	492,844	42.01	739,130	45.32
Other Fixed Assets—Net Book Value	20,533	13.82	35,162	16.48	60,948	16.06	78,723	13.71	120,483	10.27	146,299	8.97
Total Fixed Assets	96,781	65.14	133,952	62.80	225,894	59.54	340,072	59.22	613,327	52.28	885,428	54.29
Other Assets	4,322	2.91	5,465	2.56	14,568	3.84	10,932	1.90	52,211	4.45	78,698	4.83
TOTAL ASSETS	148,585	100.00	213,298	100.00	379,414	100.00	574,272	100.00	1,173,241	100.00	1,631,004	100.00
CURRENT LIABILITIES												
Accounts Payable	6,013	4.05	9,049	4.24	16,834	4.44	42,492	7.40	93,608	7.98	186,740	11.45
Current Notes Payable	15,002	10.10	22,629	10.61	36,064	9.51	68,943	12.01	110,459	9.41	239,734	14.70
Contracts Payable	1,247	0.84	4,979	2.33	5,302	1.40	16,144	2.81	17,058	1.45	17,627	1.08
Customers' Rental Deposits	303	0.20	952	0.45	579	0.15	1,191	0.21	2,389	0.20	2,004	0.12
Accrued Expenses	512	0.34	1,669	0.78	6,138	1.62	9,757	1.70	26,576	2.27	39,482	2.42
Taxes Payable	1,982	1.33	2,480	1.16	4,876	1.29	7,961	1.39	15,542	1.32	23,117	1.42
Other Current Liabilities	1,393	0.94	871	0.41	2,579	0.68	8,280	1.44	7,986	0.68	61,361	3.76
Total Current Liabilities	26,452	17.80	42,628	19.99	72,371	19.07	154,768	26.95	273,617	23.32	570,065	34.95
Long-Term Debt	75,423	50.76	71,029	33.30	111,413	29.36	170,073	29.62	274,394	23.39	432,156	26.50
Other Liabilities	12,318	8.29	1,446	0.68	6,830	1.80	9,986	1.74	11,579	0.99	39,134	2.40
Total Liabilities	114,193	76.85	115,104	53.96	190,614	50.24	334,827	58.30	559,591	47.70	1,041,356	63.85
Net Worth	34,393	23.15	98,194	46.04	188,800	49.76	239,445	41.70	613,651	52.30	589,649	36.15
TOTAL LIABILITIES & NET WORTH	148,585	100.00	213,298	100.00	379,414	100.00	574,272	100.00	1,173,241	100.00	1,631,004	100.00
NUMBER OF CENTERS	37		172		151		184		67		190	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE VI-3. AVERAGE INCOME AND EXPENSE FOR RENTAL CENTERS BY ANNUAL REVENUE, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	122,727	85.12	255,459	82.12	434,237	82.86	602,630	82.19	1,413,120	79.67	1,060,029	80.90
Merchandise & Equipment Sales	14,989	10.40	38,906	12.51	64,010	12.21	91,095	12.42	226,295	12.76	182,948	13.96
Other Operating Income	6,460	4.48	16,733	5.38	25,840	4.93	39,450	5.38	134,340	7.57	67,377	5.14
Total Operating Income	144,176	100.00	311,098	100.00	524,087	100.00	733,175	100.00	1,773,755	100.00	1,310,355	100.00
Less Cost of Sales	10,073	6.99	27,583	8.87	47,418	9.05	75,485	10.30	140,188	7.90	149,784	11.43
Gross Operating Profit	134,103	93.01	283,515	91.13	476,669	90.95	657,691	89.70	1,633,566	92.10	1,160,570	88.57
OPERATING EXPENSES												
Salaries & Wages	36,427	25.27	87,070	27.99	171,433	32.71	230,750	31.47	576,781	32.52	317,283	24.21
Employee Benefits & Taxes	4,467	3.10	11,891	3.82	25,787	4.92	35,642	4.86	95,734	5.40	49,721	3.79
Equipment Maintenance & Repair	7,890	5.47	18,970	6.10	29,764	5.68	42,336	5.77	114,446	6.45	104,366	7.96
Shop Supplies & Expense	9,835	6.82	13,301	4.28	20,608	3.93	31,257	4.26	78,085	4.40	41,405	3.16
Occupancy Cost	12,648	8.77	24,979	8.03	38,072	7.26	48,187	6.57	109,581	6.18	92,133	7.03
Bad Debts Expense	631	0.44	1,667	0.54	3,672	0.70	7,234	0.99	16,758	0.94	16,069	1.23
Office Supplies & Expense	2,005	1.39	4,185	1.35	6,753	1.29	9,396	1.28	20,961	1.18	12,744	0.97
Associations & Travel Expense	1,858	1.29	2,167	0.70	3,535	0.67	4,312	0.59	10,799	0.61	9,840	0.75
Legal & Accounting	1,505	1.04	3,392	1.09	7,553	1.44	7,859	1.07	13,234	0.75	17,749	1.35
Telephone & Other Communications	1,679	1.16	2,974	0.96	4,515	0.86	5,762	0.79	11,558	0.65	13,088	1.00
Automobile & Truck Expense	2,799	1.94	5,184	1.67	8,744	1.67	11,835	1.61	31,258	1.76	26,028	1.99
Insurance	6,879	4.77	14,598	4.69	23,369	4.46	31,669	4.32	97,377	5.49	32,388	2.47
Advertising & Promotion	5,836	4.05	9,629	3.10	14,991	2.86	20,059	2.74	32,068	1.81	27,372	2.09
Other Taxes	1,174	0.81	4,287	1.38	6,399	1.22	8,264	1.13	26,103	1.47	13,064	1.00
Interest	5,952	4.13	10,051	3.23	16,458	3.14	21,362	2.91	43,232	2.44	41,285	3.15
Franchise Fees	287	0.20	693	0.22	362	0.07	88	0.01	10,618	0.60	6,959	0.53
Depreciation: Non-Rental Equipment	3,061	2.12	6,590	2.12	11,584	2.21	13,950	1.90	35,261	1.99	20,606	1.57
Other Operating Expenses	2,354	1.63	5,815	1.87	5,918	1.13	14,369	1.96	24,060	1.36	35,024	2.67
TOTAL OPERATING EXPENSES	107,286	74.41	227,442	73.11	399,517	76.23	544,330	74.24	1,347,913	75.99	877,125	66.94
Operating Profit Before Rental Depr	26,817	18.60	56,073	18.02	77,152	14.72	113,361	15.46	285,653	16.10	283,445	21.63
Depreciation on Rental Equipment	19,732	13.69	36,519	11.74	55,222	10.54	84,501	11.53	218,191	12.30	184,315	14.07
OPERATING PROFIT	7,085	4.91	19,554	6.29	21,930	4.18	28,860	3.94	67,462	3.80	99,131	7.57
Other Income & Expense (Net)	951	0.66	3,120	1.00	5,534	1.06	5,600	0.76	9,738	0.55	1,383	0.11
NET INCOME BEFORE INCOME TAXES	8,036	5.57	22,674	7.29	27,463	5.24	34,460	4.70	77,200	4.35	100,514	7.67
NUMBER OF CENTERS	33		127		108		122		32		134	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE VI-4. AVERAGE INCOME AND EXPENSE FOR RENTAL CENTERS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTALS, 1988

	$000—$200,000		$200,001—$500,000		$500,001—$1 Mill.		$1 Mill.—$2.5 Mill.		$2.5 Mill.—$5 Mill.		Over $5 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	86,106	58.14	140,161	54.03	311,758	50.50	426,720	42.75	814,411	45.84	1,368,771	33.69
Merchandise & Equipment Sales	57,805	39.03	93,747	36.14	267,748	43.37	496,449	49.73	874,827	49.24	2,251,314	55.42
Other Operating Income	4,194	2.83	25,522	9.84	37,876	6.13	75,060	7.52	87,473	4.92	442,523	10.89
Total Operating Income	148,105	100.00	259,429	100.00	617,382	100.00	998,229	100.00	1,776,711	100.00	4,062,608	100.00
Less Cost of Sales	38,535	26.02	65,756	25.35	191,908	31.08	392,170	39.29	655,119	36.87	2,043,908	50.31
Gross Operating Profit	109,571	73.98	193,673	74.65	425,474	68.92	606,059	60.71	1,121,592	63.13	2,018,700	49.69
OPERATING EXPENSES												
Salaries & Wages	33,733	22.78	59,977	23.12	149,929	24.28	201,679	20.20	430,432	24.23	673,265	16.57
Employee Benefits & Taxes	3,429	2.32	7,775	3.00	22,089	3.58	32,090	3.21	59,189	3.33	122,012	3.00
Equipment Maintenance & Repair	2,940	1.99	13,947	5.38	21,494	3.48	32,503	3.26	65,270	3.67	121,861	3.00
Shop Supplies & Expense	1,344	0.91	9,232	3.56	20,807	3.37	19,607	1.96	30,006	1.69	31,106	0.77
Occupancy Cost	7,222	4.88	14,276	5.50	30,242	4.90	37,903	3.80	64,655	3.64	102,974	2.53
Bad Debts Expense	332	0.22	1,228	0.47	5,309	0.86	7,412	0.74	12,549	0.71	31,895	0.79
Office Supplies & Expense	3,293	2.22	2,886	1.11	7,778	1.26	11,383	1.14	24,351	1.37	26,821	0.66
Associations & Travel Expense	0	0.00	1,765	0.68	4,077	0.66	5,326	0.53	7,129	0.40	17,931	0.44
Legal & Accounting	1,514	1.02	4,490	1.73	5,704	0.92	10,897	1.09	11,175	0.63	19,187	0.47
Telephone & Other Communications	1,958	1.32	2,158	0.83	5,324	0.86	6,818	0.68	10,343	0.58	28,960	0.71
Automobile & Truck Expense	5,350	3.61	4,362	1.68	8,250	1.34	10,542	1.06	19,005	1.07	77,420	1.91
Insurance	6,593	4.45	9,376	3.61	20,434	3.31	24,098	2.41	45,934	2.59	72,810	1.79
Advertising & Promotion	2,884	1.95	7,410	2.86	15,780	2.56	17,634	1.77	29,937	1.68	32,247	0.79
Other Taxes	271	0.18	2,856	1.10	5,171	0.84	6,226	0.62	13,052	0.73	21,441	0.53
Interest	9,633	6.50	7,517	2.90	14,229	2.30	29,200	2.93	33,218	1.87	127,202	3.13
Franchise Fees	0	0.00	303	0.12	132	0.02	692	0.07	171	0.01	113	0.00
Depreciation, Non-Rental Equipment	575	0.39	4,641	1.79	9,943	1.61	19,275	1.93	21,658	1.22	39,951	0.98
Other Operating Expenses	2,670	1.80	2,448	0.94	5,981	0.97	17,749	1.78	21,043	1.18	58,526	1.44
TOTAL OPERATING EXPENSES	83,739	56.54	156,647	60.38	352,674	57.12	491,035	49.19	899,118	50.61	1,605,722	39.52
Operating Profit Before Rental Depr	25,832	17.44	37,026	14.27	72,800	11.79	115,024	11.52	222,474	12.52	412,977	10.17
Depreciation on Rental Equipment	19,815	13.38	22,829	8.80	39,282	6.36	68,522	6.86	127,552	7.18	249,560	6.14
OPERATING PROFIT	6,017	4.06	14,197	5.47	33,518	5.43	46,502	4.66	94,922	5.34	163,418	4.02
Other Income & Expense (Net)	1,695	1.14	5,905	2.28	6,253	1.01	9,514	0.95	13,920	0.78	32,266	0.79
NET INCOME BEFORE INCOME TAXES	7,712	5.21	20,102	7.75	39,771	6.44	56,016	5.61	108,841	6.13	195,683	4.82
NUMBER OF CENTERS	4		45		43		62		35		56	

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

TABLE VI—5. AVERAGE INCOME AND EXPENSE FOR RENTAL CENTERS BY TYPE OF EQUIPMENT RENTED, 1988

	Construction & Industrial		General Rentals		Party	
	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	740,469	58.45	310,364	71.91	549,684	75.33
Merchandise & Equipment Sales	433,156	34.19	89,633	20.77	142,928	19.59
Other Operating Income	93,293	7.36	31,625	7.33	37,093	5.08
Total Operating Income	1,266,918	100.00	431,622	100.00	729,705	100.00
Less Cost of Sales	365,553	28.85	70,823	16.41	100,240	13.74
Gross Operating Profit	901,365	71.15	360,799	83.59	629,465	86.26
OPERATING EXPENSES:						
Salaries & Wages	282,512	22.30	127,554	29.55	255,389	35.00
Employee Benefits & Taxes	45,145	3.56	21,396	4.96	33,753	4.63
Equipment Maintenance & Repair	67,751	5.35	19,863	4.60	19,825	2.72
Shop Supplies & Expense	31,276	2.47	12,807	2.97	30,196	4.14
Occupancy Cost	59,857	4.72	31,693	7.34	50,066	6.86
Bad Debt Expense	12,096	0.95	2,771	0.64	2,650	0.36
Office Supplies and Expense	11,898	0.94	6,924	1.60	9,484	1.30
Associations & Travel Expense	7,162	0.57	2,868	0.66	5,018	0.69
Legal & Accounting	10,507	0.83	7,442	1.72	8,218	1.13
Telephone & Other Communications	9,905	0.78	3,785	0.88	6,382	0.87
Automobile and Truck Expense	20,573	1.62	6,103	1.41	22,559	3.09
Insurance	36,288	2.86	16,968	3.93	24,254	3.32
Advertising & Promotion	20,261	1.60	13,123	3.04	23,994	3.29
Other Taxes	11,152	0.88	4,884	1.13	5,109	0.70
Interest	37,737	2.98	12,454	2.89	18,051	2.47
Franchise Fees	2,182	0.17	1,517	0.35	546	0.07
Depreciation, Non-Rental Equipment	18,571	1.47	8,095	1.88	15,263	2.09
Other Operating Expenses	23,083	1.82	4,611	1.07	12,966	1.78
TOTAL OPERATING EXPENSES	707,957	55.88	304,858	70.63	543,723	74.51
Operating Profit Before Rental Depr.	193,408	15.27	55,941	12.96	85,742	11.75
Depreciation on Rental Equipment	125,576	9.91	40,341	9.35	54,213	7.43
OPERATING PROFIT	67,832	5.35	15,600	3.61	31,529	4.32
Other Income and Expense (Net)	8,449	0.67	4,205	0.97	4,270	0.59
NET INCOME BEFORE INCOME TAXES	76,281	6.02	19,805	4.59	35,798	4.91
NUMBER OF CENTERS	532		192		77	

AMERICAN RENTAL ASSOCIATION
COST OF DOING BUSINESS SURVEY

FOR CALENDAR YEAR 1988

(Or for the most recent fiscal year)

1. **TOTAL ANNUAL INCOME** (from all parts of your business, including sales). Check appropriate box:

☐	$000 to $200,000	☐	$1 million to $2 1/2 million
☐	$200,000 to $500,000	☐	$2 1/2 million to $5 million
☐	$500,000 to $1 million	☐	Over $5 million

2. **PROPORTION OF INCOME DERIVED FROM:**

a.	Rentals	_____%
b.	Sales	_____%
c.	Other	_____%
	TOTAL	100%

3. **TYPES OF EQUIPMENT RENTED:**

It is very important that we be able to properly classify your business. The two parts of this question are intended to aid in classification.

A. Please indicate the proportion of income from each category:

(1) CONSTRUCTION & INDUSTRIAL: Air compressors and air tools; asphalt, concrete equipment; compactors; construction heaters; conveyors; cranes, earth moving equipment; engines; forklifts, generators, lighting equipment; high reach equipment, lifts, scaffolding; material handling equipment; pumps and hoses; safety equipment; sandblasting; transits, measuring devices; trucks, trailers, towing gear, welders, cutters. _____%

(2) GENERAL RENTAL, INCLUDING HOME HEALTH CARE: Appliances; audio-visual; augers; automotive tools; baby, guest beds and equipment; camping, recreational; cleaning equipment; computers; drills, other electrical hand tools; exercise equipment, fastening equipment; floor cleaning, installing equipment; furniture (home or office); grinding, sanding, polishing tools; hand tools; heaters, fans, air conditioners; hoists, jacks, come-alongs; ladders; lawn and garden tools; moving, loading equipment; painting, decorating tools; plumbing tools; pressure washers, steam cleaners; saws; sweepers; bathroom aids; hospital beds; oxygen; walking aids; wheelchairs. _____%

(3) PARTY: Balloons; costumes; dance floors, portable bars, risers; decorative lighting; disposable paper, plastic; food preparation equipment; linens; serving pieces; tables, chairs; tableware; tents, canopies; wedding accessories. _____%

Total 100%

B. How do you classify your business? Please check only one category:

1. Construction and Industrial _____
2. General Rental _____
3. Party _____

4. **LOCATION OF BUSINESS:** Identify **State** or **Province** where greatest proportion of income originates: _____

5. **NUMBER OF EMPLOYEES:** a. Full time _____ b. Part time _____

6. **AGE OF BUSINESS:** _____ years

7. **NUMBER OF RENTAL CENTERS (yards)** _____

8. **STORE AREA (total - all stores)** _____ sq. ft.

Note: Even though you send BBC financial statements rather than completing the remainder of this form, be sure to complete the first page and include it in the material you send BBC.

EXPLANATIONS FOR INCOME & EXPENSE

ARA CHART OF ACCOUNTS NUMBER	
4100	**RENTAL INCOME** — all income directly related to rentals, including sub-rental commissions (net)
4800	**OTHER OPERATING INCOME** — U-Haul commissions, delivery income, etc.
4370	**COST OF SALES** — Cost (or depreciated book value) of equipment and merchandise sold.
5120	**SALARIES & WAGES** — include owner's salary or proprietor's drawings. *All salaries and wages are to be shown here.*
5130	**EMPLOYEE BENEFITS** — include all payroll taxes (5140), group insurance, etc.
5200	**EQUIPMENT MAINTENANCE & REPAIRS** — do not include depreciation or salaries and wages.
5240	**SHOP SUPPLIES & EXPENSE** — do not include depreciation or salaries and wages.
5300	**OCCUPANCY COST** — include rent, utilities, real estate taxes, building maintenance, repair and supplies, and depreciation of buildings and amortization of leasehold improvements (if any).
5420	**BAD DEBTS EXPENSE** — reserve provision or direct charge-offs.
5440	**ASSOCIATIONS & TRAVEL EXPENSES** — include dues, subscriptions, conference and convention expenses.
5500	**AUTOMOBILE & TRUCK EXPENSE** — do not include depreciation or salaries and wages.
5600	**INSURANCE** — all business insurance, other than employee benefits.
6200	**OTHER TAXES** — other than income, payroll and real estate taxes. Include licenses.

EXPLANATIONS FOR BALANCE SHEET

1240	**MERCHANDISE INVENTORIES** — cost of merchandise and equipment held for resale.
1400	**OTHER FIXED ASSETS** — include land, buildings, leasehold improvements, vehicles, furniture and fixtures, and all equipment not shown at Item 1300 (rental equipment).
2130	**CURRENT NOTES PAYABLE** — notes due within one year and current installments of long-term debt.
2300	**LONG-TERM DEBT** — mortgages, notes and loans payable in more than one year, less current installments (above).
3000	**NET WORTH** — for a corporation — capital stock, paid-in surplus and retained earnings (less treasury stock, if any); for a proprietorship or partnership — capital accounts and current earnings, less drawings.